THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF THE BRITISH COMMONWEALTH

CONTENTS

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A QUARTERLY REVIEW OF THE POLITICS OF THE BRITISH COMMONWEALTH

Volume XX

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THE LONDON CONFERENCE

IT is difficult to exaggerate the significance of the Conference which will assemble in London in January next to try to reach an agreement for the limitation and reduction of naval armaments. Though the formal deliberations of the Conference itself will presumably be confined to strictly naval issues, the fact that it is held at all, the character of its personnel, and still more the political discussions between the Governments which its meeting implies or will initiate, will make it by far the most important international conference which has been held since the sessions of the Peace Conference in Paris in 1919.

I. The Anglo-American Naval Negotiations

THE ratification of the Pact of Paris by the Senate of the United States as well as by other Parliaments, and the almost simultaneous advent to power of President Hoover and of Mr. Ramsay MacDonald, made possible a fresh start in the naval negotiations between the United States and Great Britain. This was of importance not merely in order to put an end to the suspicion and recrimination which had grown up between the two countries, owing to the failure of the Geneva Naval Conference in 1927 and to the unfortunate Anglo-French compromise of 1928, but because it had become clear that all prospects of reducing land armaments in Europe, and so of carrying out Article 8 of the Covenant of the League of Nations and the promise to Germany about all-round disarmament made at the Peace Conference, depended on a prior agreement between the two principal naval Powers.

The London Conference

The difficulty between the United States and Great Britain was two-fold. In the first place, it was to find an interpretation of parity, which was acceptable to both sides, in that category of cruisers, the total tonnage of which had been left unlimited by the Washington Conference of 1921–22. In the second place, it was to reconcile the desire of the United States for a small inexpensive navy with the inevitably larger naval needs of a Commonwealth of Nations comprising within its limits a quarter of the land surface of the globe and a quarter of mankind. The Geneva Conference failed, partly because the United States originally proposed a cruiser tonnage of between 250,000 and 300,000, while the British Government asked for a cruiser fleet of 70 vessels of about 500,000 tons, and partly because no formula for parity could be found between the 10,000 ton 8-inch gun ships, which the United States regarded as the only type of vessel suited to her geographical needs, and the smaller cruisers armed with 6-inch guns of which the British cruiser fleet had to be mainly composed if it was to patrol the vast area for whose security it was responsible.

Compromise could probably have been reached on the tonnage question at something a little over 400,000 tons. But in the circumstances of the time, when there had been no adequate political preparation, when public opinion had become rapidly inflamed by partisan statements and interested propaganda, and when the possibility of war had not been excluded on either side, the problem of finding a formula for parity proved insoluble. The American contention that parity meant parity in tonnage, and that the United States must have the right to put the whole of her quota into ships of the maximum tonnage and gunnage allowed by the Washington Treaties, seemed to the British like an attempt to secure battle supremacy for the United States in the name of parity. The British demand that the United States should have no more 10,000-ton cruisers than Great Britain, *i.e.*, 12, and should put the

remainder of her tonnage into ships armed with 6-inch guns, seemed to the United States like an attempt on the part of Great Britain to dictate the type of ships the American navy should build and, in view of her world-wide naval bases and her larger mercantile marine, to retain "command of the seas" outside American waters, also in the name of parity.

When President Hoover and Mr. Ramsay MacDonald began their negotiations the situation had been greatly simplified. On the one hand, both nations had, under the Pact of Paris, renounced war altogether as an instrument of national policy and promised to settle their disputes only by pacific means. On the other hand, both accepted parity without reserve and both wanted reduction as well as limitation. The result was that Mr. Ramsay MacDonald was able to tell the Admiralty that it could ignore the United States' fleet altogether in its calculations, and to ask it to define its minimum needs for ensuring the security of British Imperial communications so far as the rest of the world was concerned. The answer was 50 ships totalling about 339,000 tons, of which 15 should be treaty cruisers armed with 8-inch guns. On the other hand, President Hoover became convinced that Great Britain had reduced her requirements to the minimum in present world circumstances and was able to agree that a moderate excess of treaty cruisers (*i.e.*, 18 or 21 as against 15) to balance a larger total British tonnage in 6-inch gun cruisers was a reasonable formula for parity. The figures are very roughly as follows :—

Great Britain.	Tons	*United States.*	Tons
15 treaty cruisers ..	150,000	21 (or 18) treaty cruisers ..	210,000 (180,000)
35 6-inch gun cruisers	189,000	10 *Omahas* (6-inch guns) ..	75,000 (75,000)
		Other cruisers .	30,000 (60,000)
	339,000		315,000 (315,000)

The Hoover-MacDonald negotiations also covered the other categories of naval vessels. Though no final conclusions were reached, it seems to have been generally agreed that the date of replacement of the battleships and battle cruisers, which, under the Washington agreements, was due to begin in 1931, ought to be postponed, and that the size of the ships themselves should be reduced. It was also publicly stated that the United States and Great Britain were in favour of the total abolition of the submarine.

Thus the difficulties which had wrecked the Geneva Conference, the question of total cruiser tonnage and the question of how parity was to be arranged in the cruiser category, owing to the differing needs of a compact nation State and a world wide Empire, were in principle overcome. What made it possible to overcome them was not merely the presence of two new men at the head of affairs, but also the fact that the ratification of the Pact of Paris for the renunciation of war had intervened, which enabled the two nations to proceed wholeheartedly on the assumption that the possibility of war between them was unthinkable.

II. The Negotiations with the Other Naval Powers

A PROVISIONAL Anglo-American agreement, however, only deals with half the problem of naval disarmament. The other half is to expand this agreement into one which could be signed by all the naval Powers. It was for this reason that no exact figures were agreed upon between Mr. Hoover and Mr. MacDonald, as the provisional figures may require modification to fit a world wide agreement.

The naval difficulties which will confront the London Conference are formidable. In the first place, there is the ratio which is to be established between the British and the American fleets on the one side and the Japanese, the

French and the Italian fleets on the other. At the Washington Conference the ratios were fixed at 5 : 5 : 3 : 1·67 : 1·67. These ratios were based upon the then existing fleets possessed by the several Powers. Japan, however, wanted a higher ratio for cruisers. France was profoundly dissatisfied both with the ratio of 1·67 and with parity with Italy, and refused altogether to accept any limitation of cruisers, destroyers and submarines which she regarded as the weapons of the weaker naval Powers. Italy also objected to the ratio allotted to her. Both these Powers later refused to attend the Geneva Conference of 1927.

To-day the difficulties are perhaps less acute, for all the Powers have accepted the invitations to the London Conference, but they are still formidable. Japan accepts the ratio 3 to 5 for battleships and battle cruisers, but asks for a ratio of 3·5 for cruisers and lesser craft. This is to upset the broad ratios established at Washington in 1922, and it also complicates the Anglo-American agreement. Great Britain certainly will object to parity with Japan in the large treaty cruisers possessing great offensive or battle power. Yet if the United States builds 21 of these cruisers, a ratio of $3\frac{1}{2}$ to 5 as against the United States navy means that Japan will have a right to about 15. Hence the suggestion that the United States should only build 18 treaty cruisers, which would bring the Japanese quota below the British figure of 15. It does not seem likely, however, that any serious difficulty will arise over the Japanese question provided the provisions of the Washington Treaties forbidding the further fortification of islands in the Pacific as naval bases are continued. Japan does not wish to spend money on armaments : her present programme is only 8 treaty cruisers : the Washington Treaties assure her supremacy in Far Eastern waters, and provided the new London Conference will continue that supremacy, an agreement ought to be easy.

The case of France and Italy is much more difficult, and falls into two parts. The first relates to the ratio

between the French and the Italian navies. France says that she must have superiority, as North Africa is an integral part of France, and her security against Germany depends upon her being able to bring troops freely across the Mediterranean from Africa to Marseilles and Toulon, whereas Italy is self-contained and has only sparsely inhabited colonies in North Africa. Italy, on the other hand, says that she will not be content with a navy smaller than that of any other continental Power. Signor Mussolini, however, has initiated conversations with France on this question and the suggestion has been made in the Italian press that a solution might be found on the basis that there should be parity in the Mediterranean, which might open the way to an agreement.

The second difficulty in the case of France and Italy is the ratio which is to exist between their navies, especially in cruisers, destroyers and submarines, and the navies of the Anglo-Saxon Powers. French opinion interpreted the abortive Anglo-French compromise of 1928 as an agreement to allow her equality in these categories. Certainly neither Power will accept a ratio anything like 1·67, and they will both demand a large number of submarines. Yet, if they demand a ratio equal to a large percentage of the British and American fleets, the net effect would be both to increase and not diminish naval armaments, and to upset the total tonnage figures already reached between the United States and Great Britain.

It is extremely difficult to make an accurate comparison of the relative strength of the various navies. To estimate such elements as age, speed and armour, as well as tonnage and gunnage, to say nothing of such imponderables as bases, trade routes, etc., would require a volume and then would be unsatisfactory. The following tables, however, which are reprinted from the Blue Book presented by the First Lord of the Admiralty to Parliament in February 1929, give a rough idea of the numbers of ships of the various classes possessed by the naval Powers :—

The Negotiations with Other Naval Powers

	British Empire.	United States.	Japan.	France.	Italy.
Built.					
Battleships	16	18	6	9	4
Battle Cruisers ..	4	—	4	—	—
Cruisers	52	32	34	15	14
Aircraft Carriers ..	7	3	5	1	1
Flotilla Leaders ..	16	—	—	7	11
Destroyers	140	309	101	54	65
Submarines	52	122	69	52	45
Building.					
Cruisers	9	8	7	4	4
Aircraft Carriers ..	1	—	—	1	—
Flotilla Leaders ..	2	—	—	12	12
Destroyers	18	—	10	8	4
Submarines	18	2	8	40	10
Projected.					
Financial Year (inclusive) up to which programme extends	1929	—	1931–32	1928–30	1928–29
Cruisers	3	15	—	1	6
Aircraft Carriers ..	—	1	1	—	—
Flotilla Leaders ..	1	4	—	12	—
Destroyers	8	8	8	—	4
Submarines	6	4	4	13	9

As regards treaty cruisers, *i.e.*, ships of about 10,000 tons, armed with 8-inch guns and of a speed exceeding 31 knots, the following was the position at the beginning of this year :—

The British Empire (including 2 Australian) ..	Built or building ..	15
" " " " ..	Authorised	1 or 2
The United States	Built or building ..	8
" " "	Authorised	15
Japan	Built or building ..	8
France	Built or building ..	5
"	Authorised	1
Italy	Built	4

As regards other cruisers, practically all the British

cruisers have been built during or since the war, whereas 22 of the American, 12 of the Japanese, 6 of the French, and 7 of the Italian cruisers were built before the war.

III. The Problems before the Conference

THE most cursory examination of the problems to be solved shows that unless there is a real will to agree and a proper foundation for an agreement, the Naval Conference of 1930 may be a repetition of the Naval Conference of 1927, except that the main disagreement will not be between Great Britain and the United States. The amount of inflammatory material which may catch fire is immense. In addition to the difficulties already mentioned there are others. Can Great Britain agree to unlimited numbers of submarines concentrated along her trade routes? On what basis can cruisers, large and small, destroyers and submarines be balanced against one another? What about the air arm? Is it to be treated as part of the navy, or of the army, or as an independent force? What rights are aeroplanes, submarines, or cruisers to possess to interfere with belligerent or neutral trade? Are naval bases and merchant marines to be taken into account in computing naval strength? Can naval armaments be separated from land and air armaments? Is the limitation to be by global tonnage or by categories, and so on?

It is, indeed, perfectly obvious that the difficulties are so great that the Conference will fail unless there is adequate preparation beforehand. Moreover, if there is one lesson which stands out more clearly than any other from the events of the last four years it is that the real preparation for a disarmament conference is political even more than technical. The Geneva Conference failed because there were no prior political discussions. The recent Anglo-American naval agreement was the outcome of a prior political understanding, namely, the common

acceptance of the Pact of Paris as the basis of the national policy of the two Powers. What then are the political issues involved ?

The political issues in the Pacific were solved in 1922. The United States, the British Empire, and Japan were each to have naval supremacy in their own sections of the Pacific and no fleets or fortifications were to be built which could alter this distribution of control. China was to have her territorial integrity respected and was to be assisted to put her house in order as an independent sovereign State. There is no need to revise this understanding because the situation in the Pacific has not changed since 1922 in any important respect.

The political issues, however, of the West have never been solved, and the inability of the Washington Conference to deal with cruisers, destroyers and submarines, the breakdown of the Geneva Naval Conference in 1927, and the persistent failure to make any progress towards disarmament in Europe, have been fundamentally due to this fact. The main political questions in the West are two. The first is the question of how Europe is to be stabilised so that its people can confidently expect that its internal problems will be settled peacefully and not by war. The second is the question of the relation of Europe to the United States, which is really the question of world stability and world peace. Let us discuss these in turn.

IV. The Problem of European Peace

THE problem of European peace is easy to state, however difficult it may be to solve. Since 1919, it has rested on a dual basis. On the one hand, Europe has been stabilised by the Covenant of the League of Nations and its organisation at Geneva, which seek to keep the peace by promoting understanding and unity among its peoples and providing machinery for settling its internal disputes

by pacific means; a system which is reinforced by the "sanctions" against a Covenant breaker which are provided for under Article 16 of the Covenant, and by the main Locarno Treaty. On the other hand, Europe has also been stabilised by the fact that France and her Little Entente associates (especially Poland and Czecho-Slovakia) have maintained an absolute military supremacy behind the Treaty of Versailles, that is, armies of 617,000, 253,000 and 127,000 men respectively as against Germany's army of 100,000 men. Both these systems are weakened by the absence of Russia which, however, is still militarily weak for economic reasons, and by the doubts about the policy and duration of the Fascist regime in Italy.

Europe, however, at the moment is peaceful. The adoption of the Young Plan by the Hague Reparations Conference and the promised evacuation of the Rhineland, have removed the last of the immediate war-time grievances; almost every European State is faced with internal problems which will make it welcome a respite from international preoccupations; the authority and usefulness of the League are growing; and the time for pressing for a revision of frontiers or other provisions of the Treaty of Versailles has not arrived. Yet it is impossible to say that Europe, while it has made great progress in the last ten years in the organisation of peace, has reached a stable equilibrium. It has made no advance towards all-round disarmament, there are difficult frontier problems to be solved in the East, and Germany will certainly not be content to remain indefinitely in a position of military inferiority. It is also clear that Russia must somehow be brought into the European family. Europe must either advance towards making the League system the real foundation of its unity and peace by reducing its armaments to the police level—that is, to the level at which it is impossible for any nation to threaten the independence of another by sudden attack—and by permitting the League to deal

freely with defects in the treaties of peace and the new problems which have arisen since, or drift back to a new balance of military alliances which will once more make the continent an armed camp, and end in another European and world war.

From the point of view of Europe the London Conference is important because it marks the end of the period when Great Britain—under Sir Austen Chamberlain's leadership—thought that the peace and stability of the continent could best be preserved by supporting, while at the same time moderating, the French hegemony, and the beginning of a period when Great Britain and the United States will press for an all-round reduction of armaments and the fulfilment of the more liberal promises of the Treaty of Versailles, the Covenant of the League and the Pact of Paris. This is naturally not unwelcome to Germany, who wishes to escape from her present "imprisonment" and to see a real prospect of revising her eastern frontiers in due time. But it has caused unconcealed anxiety in France: for such a movement means the abandonment of the military guarantees for the execution of the Treaty of Versailles which France and her associates now hold in their hands. Every Frenchman and every Pole and, to a less extent, every Czech is now asking, if the military guarantees for the fulfilment of the Treaties of Peace, the Locarno Treaties and the Covenant of the League are to disappear, what security will there be that Germany will not re-arm, re-invade their territories, and endeavour to alter the Treaties by force?

The problem of European peace in essence is one of giving confidence and security to its peoples that their inter-state problems will not be settled by war and that they can and will be gradually settled, reasonably and justly, by peaceful means. If that is achieved, armaments will decrease and Geneva will more and more become the capital of a loosely United States of Europe. Can Europe reach that point of confidence and security for itself? It

is certain that it cannot do so for the present—great as has been its advance in the last ten years. It has been the presence of Great Britain at Geneva and her assumption of the formidable obligations of the Locarno Treaties and Article 16 of the League, which more than anything else has been the reconciling and stabilising force. But can Great Britain suffice ? It seems very doubtful.

The situation to-day, indeed, is very like the situation during and after the war; the balancing factor is the United States. There was a deadlock in the war until the United States cast in her weight on the Allied side. There was a deadlock in the Peace Conference until the United States took sides. There was a deadlock over reparations also. So to-day it seems as if some active support by the United States of a world organisation for peace can alone make possible that progress towards security, disarmament, and the reign of reason and justice in European affairs which is itself essential to world peace. This brings us to the second political problem which underlies the London Conference, the relations of the United States to the rest of the world.

V. Europe and America

THE problem of organising world, as opposed to European, peace has hung fire since the decision of the United States to reject the Covenant of the League of Nations in 1920 and to revert to her traditional policy of neutrality in the quarrels of the Old World. Though there were minor contributory causes, that electoral verdict was in essence a decision against entanglement in the internal affairs of the war-ridden continent of Europe.

Since 1920, however, public opinion in the United States has begun to change. There has been a growing realisation that the economic future of the United States will necessarily be bound up with the economic develop-

ment of the rest of the world. There has been a recognition that Europe itself was genuinely trying to set its own house in order, and not unsuccessfully. There has been an increasing understanding, shown by the Capper, the Porter, and other resolutions before Congress, that the United States could not enforce the right to trade with a nation which had been justly declared an outlaw by the League of Nations. There has been the movement for the outlawry of war, as a method of organising world peace alternative to the League of Nations, the outcome of which was the Pact of Paris for the renunciation of war, which was ratified by the Senate early this year. Finally, there has been a growing recognition that the old American doctrine of the freedom of the seas was no longer tenable, partly because a policy of neutrality led inevitably to an Anglo-American quarrel every time that a war broke out anywhere in the world in which Great Britain became involved, and partly because the formulation of regulations for private wars was clearly inconsistent with the ideal implicit in the Pact of Paris.

These changes in opinion found their natural outcome in the remarkable joint statement issued by President Hoover and Mr. Ramsay MacDonald on October 9 after their conversations in Washington. This statement is more important from the standpoint of American than of British policy. For the British contribution to Anglo-American agreement was the wholehearted acceptance of parity and the reduction of her cruiser strength to 339,000 tons. The American contribution was a move forward towards effective co-operation with the rest of the world for the maintenance of world peace. For that is what the Hoover-MacDonald statement means. Thus it makes no mention of neutrality: it states that the "old historical problems" concerning neutral versus belligerent rights must be considered "from a new angle and in a new atmosphere," and it specifically declares that it is the policy of the United States, as it is of Great

Britain, to " accept the Peace Pact not only as a declaration of her good intentions but as a positive obligation to direct her national policy in accordance with its pledge," and also to " direct her thoughts and influence towards securing and maintaining the peace of the world."* Moreover, the publication of this statement has been followed by the decision to send to the London Conference an imposing political delegation, headed by the Secretary of State and comprising two Senators, the first that has attended an important conference in Europe since the departure of Woodrow Wilson in 1919. These acts are a significant proof that in President Hoover's eyes the period of isolation is over and that it is the intention of the United States to take an active part in promoting the peace and prosperity of the whole world. The fact that these acts have apparently been received with approval by the mass of Americans is evidence of the distance that American public opinion has travelled since 1920.

On the other hand, the statement implies, up to the present, no more than a change of general direction. There are two clear limits to what the President can or will do. In the first place, he will make no move towards joining the League of Nations. The United States is now friendly to the League. She will co-operate with all its humanitarian and economic activities. But she shows no sign whatever of a willingness to join it in a political sense. Indeed, President Hoover goes out of his way in the joint statement to declare that the United States " will never consent to become entangled in European diplomacy," just as Mr. MacDonald goes out of his way to declare that Great Britain will " pursue a policy of active co-operation with her European neighbours."

In the second place, the United States is even more averse to committing herself to taking sanctions, economic, military or naval, against a wrong-doer. This is partly because she wishes to reserve to herself complete freedom

* The full text of the statement is to be found on page 25.

of action as to how she will deal with an international crisis or a breach of the Pact of Paris, when it occurs. But it is also because many people in the United States recognise that coercive action by one State or group of States against another State is, in its very nature, an act of war, and that, whatever may be necessary in the intermediate period, there can be no ultimate solution of the problem of establishing security against war by action which is itself war. This is the traditional view, for Madison has pointed out that, in the discussions of the Philadelphia Convention which drew up the Constitution of the United States, it was found impossible to give the Federal Government the right to enforce the Constitution against the individual States because this could only be done by war. It was therefore agreed that it should be the Supreme Court that passed judgment on inter-state issues on the assumption that all parties would respect and obey it. This tradition, indeed, is likely to play a large part in the future discussions about sanctions and the World Court.

It may be assumed, therefore, that the co-operation of the United States in making the Pact of Paris effective will not include, in the near future, membership of the League of Nations or any undertaking, such as that contained in Article 16 of the Covenant or in the Locarno Treaties, to take sanctions against a Covenant or a Pact breaker. That she may take action, either by the type of embargo proposed in the Capper, Porter, Fish, and other resolutions, or by naval action, if and when a crisis occurs or a war breaks out, is very likely; the world war proved this. But that she will at present refuse to enter into any commitment to do so beforehand is certain.

The London Conference

VI. The Freedom of the Seas

WE come now to the last of the political problems which underlies the London Conference, the freedom of the seas. In a sense it is the core of the problem, because, on the one hand, it concerns the security which can be given to Europe against the outbreak of war, and on the other hand, it concerns the use which can be made of the British and the American navies, now that they are equal.

The traditional controversy between the United States and Great Britain over what is loosely called the freedom of the seas is fundamentally a political rather than a naval problem. It has arisen in the past from the fact that the policy of the United States has been to be neutral and therefore to defend neutral rights in time of war, except when she was herself a belligerent, as in 1812 and 1917; while the policy of Great Britain, which is the centre of a world Empire, and so has always been liable to be drawn into war either in self-defence or in defence of what she believed to be world freedom—*e.g.*, against Louis XIV, Napoleon or Imperial Germany—has been to stand for belligerent rights for her supreme navy.

This old controversy, however, as stated in the Hoover-MacDonald memorandum, has been profoundly changed by recent events. To begin with it has been changed by the facts. For reasons repeatedly given in this review no solution is now possible by trying to define the relative rights of neutrals and belligerents in time of war, partly because in modern national wars it is impossible to make or to maintain the distinction between contraband and non-contraband or public and private property, and partly because to draw up laws for private wars is to run counter to the Pact of Paris. The problem has been changed no less profoundly by the existence of the

Covenant of the League of Nations and by the ratification of the Pact of Paris. Great Britain clearly cannot now legally proclaim a blockade as and when she likes. In a quarrel with any other Power she is bound first to submit her dispute to investigation and report by the League, and even if the League fails to produce a settlement she has, under the Pact, renounced the right to use war (*i.e.*, her navy) as an instrument of her national policy, and has undertaken to employ only pacific modes of settlement. On the other hand, she is bound under Article 16 to use her navy to sever economic and commercial relations with a nation which goes to war in defiance of its obligations under the Covenant. The United States is not bound by the Covenant, but under the Pact of Paris she also has renounced the right to use war (*i.e.*, her navy) as an instrument of her national policy, and she is increasingly coming to recognise that she cannot claim to supply arms or other goods to a nation which has been outlawed by the League of Nations, and that she cannot be indifferent if the Pact is violated, or claim to nullify attempts which may be made by other nations, including Great Britain, to enforce respect for its terms, by trading with a Pact breaker.

The issue known as the freedom of the seas, therefore, has completely changed. It is no longer mainly a question of the rights of neutrals and belligerents in private wars. It is rather a question of whether, and if so how, naval power is to be used as the final instrument for the prevention of war, or for bringing pressure to bear on a Covenant or Pact breaker to respect its obligations and desist from aggression. However much we may dislike the idea of sanctions, or recognise that war will not disappear from the earth until some better way of enforcing respect for international treaties or justice is discovered than the coercion of one or more Governments by other Governments, we cannot escape the dilemma that armaments, so long as we maintain them, must be used either for national or international purposes. Both the United States and

Great Britain have decided to maintain considerable navies. These navies must be used either as instruments of national or of international policy: there is no third alternative. And even though we recognise that the real foundations of the Pact of Paris or the Covenant of the League must be the willingness of the vast majority of the nations to live up to the treaty they have signed, reinforced by world opinion, it is none the less true that we shall be nearer to world peace when the nations regard their reduced armaments as instruments of international peace and not as instruments of national defence.

Thus the problem of the freedom of the seas is becoming merged in the larger question of the freedom and peace of Europe and the world. Either naval power will be recognised as the ultimate security that the revision of the treaties of peace and the solution of Europe's political problems will not be effected by war, but by the peaceful processes of the League, which means that the United States must either take some interest in the prevention of war in Europe or must consent to Great Britain using her navy for the purpose; or the disarmament deadlock in Europe will continue and will gradually develop into a new military balance of power and a new world war. It is not suggested that this immense question will be decided or even formally discussed at the London Conference, but clearly it must be dealt with before the problem of disarmament can be really solved. For the first thing the naval Powers will be confronted with at the Conference will be the question whether their navies are going to be used primarily as instruments of national defence, in which case they will be competitive, or whether they are going to be used as the ultimate means of giving security that the pledges of the Covenant and the Pact of Paris against resort to war shall not be lightly disregarded.

This broad principle is true even of suggestions for "humanising" war, such as that of making all foodstuffs non-contraband which President Hoover is said to have

at heart. All such proposals only begin to be practicable when collective action against war and in favour of peaceable settlement is so overwhelming that international police force can afford to use methods as gentle as domestic police force. All experience shows that attempts to regulate war invariably break down under the stress of war itself, unless they are enforced by neutrals through war or the threat of war. The way forward is not by inventing new restrictions on belligerency, but by perfecting common action for the prevention of war and the just and reasonable settlement of international disputes.

The most interesting suggestion for making practical progress towards a solution of this problem, on the assumption that the United States will continue to refuse membership of the League of Nations and all legal responsibility for sanctions, is that put forward by Mr. Charles Evans Hughes at the annual meeting of the American Society of International Law in Washington last April. Mr. Hughes said that the best practical method of making the Pact of Paris effective was that the signatories should take over the system of the Four Power Pacific Pact signed in Washington in 1922, and undertake to meet and consult together whenever any situation threatening a breach of the Pact arose. If such action were taken it might not lead to unanimous or simultaneous action to prevent or stop war, but it would probably prevent a local outbreak spreading all over the world or precipitating an Anglo-American quarrel as to the freedom of the seas, and open the way to a gradual and world-wide limitation and reduction of armaments.

VII. Conclusions

THUS the central political issue which seems likely to underlie the London Conference, and the discussions which will precede and follow it, will be the contrast between the views of France and of the United States.

France is the champion of the view that the only security for international peace or national independence is military guarantees and more military guarantees. The United States is the champion of the view that to base international peace on the employment of force is, to quote James Madison's words in the Philadelphia Convention of 1787, to use "an ingredient" which "when applied to a people collectively and not individually" is likely "to provide for its own destruction." It is clear that neither view is wholly correct, and that the solution lies in finding some effective method of enforcing the Pact of Paris other than the use of war—for it is the lesson of all human history that, while peace rests primarily upon the willingness of citizens and nations to obey the law, the reign of law itself disappears unless there is police action to deal with the lawless minority.

What the outcome of the Conference will be we shall not attempt to prophesy. But one thing is certain: as the Hoover-MacDonald memorandum made clear, the only possible basis of success is wholehearted acceptance of the Peace Pact as the foundation of a new system of international relations. There is no halfway house between proceeding on the basis that war is totally renounced as a method of settling international disputes, and that the nations will take some common action to create pacific machinery for their solution and to prevent or stop hostilities, and proceeding on the basis that war is still the *ultima ratio*, in which case every nation will try to possess the armaments necessary to give it victory or at least security when the war comes, that is, armaments which will make its neighbours insecure, and therefore lead to suspicion, competition, alliances and war.

The hopeful thing is that President Hoover and Mr. MacDonald have been at the utmost pains to make it clear that the Peace Pact is to be the foundation of the Conference. The question which more than all others ought to dominate that Conference is "Do you

or do you not mean to live up to your signature of the Pact of Paris?" If nations do mean to live up to it, agreement to reduce and limit armaments becomes possible: if they do not, agreement is clearly impossible. So long as Great Britain and the United States stand firm on this ground they will be in a very strong position. Their association then becomes not an alliance to control the seas or dominate the world, but an association which stands for the simple principle that the day has passed when nations could afford to settle their quarrels by war, and that the day has come when by some form of collective action they must find a way of settling them by peaceful means, as they have promised to do under the Pact of Paris.

Hence the view expressed at the beginning of this article that the Conference which will assemble next January, and the diplomatic conversations which will be associated with it, will be the most far reaching events which have happened since the Peace Conference of 1919. There are prophets of gloom who say that it will lead once more to a rupture and to the re-grouping of the nations in alliances which will also be the line-up for the next world war. There are optimists who say that it will be the beginning of the end of all armaments. There are moderate visionaries who believe that the result of the return of the United States to international conference will be the gradual emergence of three great political peace systems, Pan Europa, the British Commonwealth, and Pan-America, united by a world-wide organisation for the prevention of war which will combine the best elements both of the Covenant of the League of Nations and the Pact of Paris. What is certain is that tremendous results will ensue, of inestimable importance to ourselves and to the world.

MR. MACDONALD IN THE UNITED STATES

I.

WE are sending you back by boat to-day one very tired man and his daughter. If he should still be tired when he reaches London, be as considerate of him as you can, for he has worked hard, and he has more work to do. Moreover, the fault is partly ours, partly that of his Canadian hosts. "Sometimes perhaps," wrote Senator Borah in a fine tribute to Mr. MacDonald, "we shall conclude that there are other ways of utilizing the time and worth of a great visitor with a great message than that of keeping him chained to the leg of a dining table." Though there was little dining on this man's trip, my dear Senator, we accept the soft impeachment for what it is worth. Yet we call upon the Prime Minister himself to witness that in Canada, not here, he protested: "Your kindness has been like that of the penguin, which stifles its young on account of its maternal love. I put in a plea that your feasting may be . . . tempered by charity to the delighted victim of your generosity."

Protestations and pleasantries aside, it was MacDonald who tired himself, sparing neither his mind nor his body during the ten days of his visit to the United States. He achieved a personal triumph, nothing less. He reached so complete an understanding with President Hoover that they were able to set their signatures to a lofty and hopeful statement. He spoke before the Senate, and they were

moved by his candor and purpose as they have not been moved since 1917. He disarmed the "gentlemen of the press," who, as their custom is, came to scoff, and who, as their custom is not, remained to pray. Finally, before he left for Ottawa he spoke over the radio from a dinner of the Council on Foreign Relations to the people of the United States and of Great Britain, telling them what had been accomplished in the course of his visit, and what remained to be done. As he spoke he conveyed, to us at least, something of the passionate yet practical spirit that had animated them, when Hoover and he talked together in camp on the Rapidan River.

II.

THOUGH the avowed subject of Mr. MacDonald's trip was to prepare for the disarmament conference some months ahead, and to discuss with the President of the United States the ways and means of promoting peace; and though they carefully avoided and publicly disclaimed any discussion of special understandings, engagements or alliances between the two English-speaking countries, the fact remains that Anglo-American relations were notably improved because of his visit.

The right man came at the right time and conducted himself flawlessly. As to the last point, the *New York Times* said: "His bearing has been perfect. Not one slip in act or speech did he make while he was here." And everyone else said precisely the same thing. Moreover, he was the right man to dispel certain social misunderstandings which, more than any other one thing, have unfavorably complicated relations between our two countries since the middle of the eighteenth century. To the rank and file of the English people, one hears, the American is—shall we say—"moralogous": what's more, he is bumptious and talks through his nose. Well, we too, when we want to be disagreeable, have our favorite picture of the Britisher

as an intellectually arrogant fellow, one who is socially "snifty" and talks la-de-da! Then along comes the foremost British Commoner of to-day. He is humble and with some torture of spirit he is hunting for answers to hard questions: he is a gentleman by nature rather than by accident of birth, and he speaks with a not unfamiliar intonation, uses an occasional Biblical phrase, and is not afraid to refer to things that are right and things that are wrong. Whether this symbolizes the deterioration of the British type by the transfusion of Scottish blood, or the further fearful Americanization of England, we don't know. But it all sounded good and friendly and perfectly understandable at last—something that we and our forefathers have waited for during the past two hundred and fifty years.

It was also the right time to come to the United States. The Irish solution has had a cumulatively favorable effect on America's attitude toward Great Britain; in many quarters your economic difficulties, arising in no small part from the debt settlement, are understood with sympathy; and the Labor Government is in favor. So far as Mr. MacDonald's visit bore upon Anglo-American relations, these factors helped. So far as it bore upon a broader and more specific program of disarmament and peace, the moment had behind it a League of Nations, a World Court, a Locarno Treaty, and the Pact of Paris—the first perpetuating the technique of diplomacy by conference, the second providing a method for ending disputes without recourse to arms, the third giving evidence of reciprocal consideration in international dealings, and the last marking the furthest distance that statesmen have yet gone in a public agreement to put an end to war.

Above all, the time was right because there's not much time left: four or five years—not more—and the story of the Great War will pass into saga. The principles of the Pact of Paris must be endowed by then with hands and feet, or they will never assume reality within the lives of living men.

III.

WHAT then, in these circumstances, did Mr. Hoover and Mr. MacDonald accomplish? The answer is simple, they issued a joint statement on the evening of October ninth. And because it is the one official record of their conversations, because it is the landing-stage from which Great Britain and the United States are pledged to move forward together, and because, oddly enough, the document has escaped wide publication, it is here given in full:

During the last few days we have had an opportunity in the informal talks in which we have been engaged not only to review the conversations on naval agreement which have been carried on during this summer between us, but also to discuss some of the more important means by which the moral force of our countries can be exerted for peace.

We have been guided by the double hope of settling our own differences on naval matters and so establishing unclouded goodwill, candor and confidence between us and also of contributing something to the solution of the problem of peace, in which all other nations are interested and which calls for their co-operation.

In signing the Paris Peace Pact 56 nations have declared that war shall not be used as an instrument of national policy. We have agreed that all disputes shall be settled by pacific means. Both our Governments resolve to accept the Peace Pact not only as a declaration of our good intentions, but as a positive obligation to direct our national policy in accordance with its pledge.

The part of each of our Governments in the promotion of world peace will be different, as one will never consent to become entangled in European diplomacy and the other is resolved to pursue a policy of active co-operation with its European neighbors; but each of our Governments will direct its thoughts and influence towards securing and maintaining the peace of the world.

Our conversations have been largely confined to the mutual relations of the two countries in the light of the situation created by the signing of the Peace Pact. Therefore, in a new and reinforced sense the two Governments not only declare that war between them is unthinkable, but that distrusts and suspicions arising from doubts and fears which may have been justified before the Peace Pact must now cease to influence our national policy.

Mr. MacDonald in the United States

We approach the old historical problems from a new angle and in a new atmosphere. On the assumption that war between us has been banished, and that conflicts between our military or naval forces cannot take place, these problems have changed their meaning and character, and their solution in ways satisfactory to both countries has become possible.

We have agreed that those questions should become the subject of active consideration between us. They involve important technical matters requiring detailed study. One of the hopeful results of the visit which is now terminating officially has been that our two Governments will begin conversations upon them, following the same method as that which has been pursued during the summer in London.

The exchange of views on naval reduction has brought the two nations so close to agreement that the obstacles in previous conferences arising out of Anglo-American disagreements seem now to be substantially removed. We have kept the nations which took part in the Washington Naval Conference in 1922 informed of the progress of our conversations, and we have now proposed to them that we should meet together and try to come to a common agreement which would justify each in making substantial naval reductions. An agreement on naval armaments cannot be completed without the co-operation of the other naval Powers, and both of us feel sure that by the same free and candid discussion of needs which has characterised our conversations such mutual understandings will be reached as will make naval agreement next January possible, and thus remove this serious obstacle to the progress of world disarmament.

Between now and the meeting of the proposed conference in January our Governments will continue their conversations with the other Powers concerned, in order to remove as many difficulties as possible before the official formal negotiations open.

In view of the security afforded by the Peace Pact, we have been able to end, we trust for ever, all competitive building between ourselves, with the risk of war and the waste of public money involved, by agreeing to a parity of our fleets, category by category.

Success at the coming conference will result in a large decrease in the naval equipment of the world and, what is equally important, the reduction of prospective programs of construction, which would otherwise produce competitive building to an indefinite amount. We hope and believe that the steps we have taken will be warmly welcomed by the people whom we represent as a substantial contribution to the efforts universally made by all the nations to gain security for peace, not by military organization, but by peaceful means rooted in public opinion and enforced by a sense of justice in the civilized world.

IV.

FOR a fuller understanding of these conversations it is necessary to quote also from a message sent from London to the Governments of France, Italy and Japan over the signature of Mr. Arthur Henderson, Secretary of State for Foreign Affairs, and released to the press on October eighth. After announcing that there remained as between Great Britain and the United States "no point outstanding of such serious importance as to prevent an agreement" on the subject of naval disarmament, he invited the three other Governments to send representatives to London for a conference at the beginning of the third week of January 1930. If the invitation were accepted (said the message) the French, the Italians and the Japanese might expect to find :—

(1) The Paris Pact of 1928 regarded as the starting point of agreement ;

(2) Naval parity by categories agreed upon as between the British Commonwealth and the United States, and to be achieved in fact by the end of 1936 ;

(3) A reconsideration of the battleship replacement programs provided for in the Washington Treaty of 1922, with the express intention to cut them down; and lastly,

(4) They might expect to find London and Washington determined to abolish submarines, though willing to confer with the other naval Powers on the question.

V.

THROUGH all these many words, an American looks at once for some reference to the "freedom of the seas" : but he does not find it, except as the topic may be inferred from that part of the joint statement which begins : "We approach old historical problems from a new angle

and in a new atmosphere." Now it would have been next to impossible for Mr. MacDonald to meet Mr. Hoover in conference without discussing the matter: it is even less likely that Senator Borah, in the hour's talk that they had together, let the Prime Minister escape until he produced satisfactory answers to a few leading questions. If one studies the joint statement, the invitation to the January conference, Senator Borah's appreciation of Mr. MacDonald in the *New York World* of October 15, and the Prime Minister's speech before the Council on Foreign Relations, one is led to these conclusions: that the subject was discussed thoroughly; suggestions were made that under an effective Kellogg Pact and real parity, the issue of the "freedom of the seas" would lose much of its former significance; an agreement was reached not to include it in the agenda for the London Conference, but to open discussions now between London and Washington in the light of the changed technical conditions of naval warfare, and to continue discussions after a successful five Power conference in the light of that parity which MacDonald and Hoover have agreed to achieve.

There has already been a good deal of speculation regarding a possible solution of this "old historical problem." With a unanimity that is surprising if not significant, the newspaper correspondents in Washington conceived the following plan: that America would no longer claim the right to trade with an aggressor under the Kellogg Pact and that Britain would no longer claim the right to blockade against neutral trade any Power not an aggressor under the Kellogg Pact. So be it: this guess is better than many another might be. "I take with me to London," said Mr. MacDonald, "a series of questions, all of which are now to be the subject of study by the various departments concerned, and of consideration between the Dominions and ourselves, with the object of coming to agreements upon them." Perhaps a new doctrine of the freedom of the seas is in the Prime Minister's dispatch-

box: but probably it will not come into public view until the London Conference is finished.

There are also those who believe that someone inquired about a possible revision of the British debt to the United States, and that someone replied that such a question could not even be considered so long as the Balfour declaration remained a cardinal doctrine of British policy. But who made the inquiry and who made the reply, and whether there was a positive inference to be drawn from the reply in spite of its negative form. . . . Then there was a rumor about demilitarizing the British possessions in the Caribbean and scrapping the fort at Halifax. As for the West Indies, perhaps there is some substantial point which the layman cannot understand; though we have just solemnly all over again reiterated that war between us is unthinkable and so forth. But if it is conceivable that Canada should be asked to demolish her ancient and honorable military outpost on the Eastern Arm as a gracious gesture to the United States, it is no less conceivable that she should ask the United States to forget it! There are a number of our most excellent Canadian friends who feel that the American tariff and the enforcement of the American prohibition law have exhausted all the gracious gestures they have for such special occasions, and that it is utterly silly for the United States to suggest the demolition of a fortress which is far behind the minimum requirements of modern warfare, and serves, instead, as a meagre symbol of Canada's new nationhood.

VI.

IT would take a courageous fellow with special knowledge, and speaking with the tongues of angels, to prophesy what turn events will take in London in January: whether the Japanese request to increase their cruiser ratio from a 6-10 to a 7-10 basis will be granted; whether partial or complete success will be gained against the submarine as an

instrument of naval warfare; whether Italy will be permitted to assume parity with France. When the Japanese delegation pass through Washington on their way to London, Mr. Hoover will doubtless do his best to convey to them his conception of the amazing possibilities of a world at peace.

Mr. MacDonald has even more difficult work cut out for him with France and Italy. Certainly while he was still in the United States, the Prime Minister did everything in his power to quiet their suspicions concerning the nature of his visit. At the moment of his entry into New York Harbour, and again at his reception by the Mayor of New York, in his first talk with the press at the British Embassy, in his speech before the Senate, and in the text of the statement which he put out jointly with Mr. Hoover, he iterated and reiterated that he had not come for the purpose of closing a treaty or of reaching a binding understanding with the United States. And as if that were not enough, reinforced by all the similar assurances put out by Mr. Hoover and the Department of State, Mr. MacDonald took occasion before the Council on Foreign Relations, in the middle of an otherwise unwritten speech, to read one more carefully prepared paragraph to the same effect. If it was his purpose and that of the President to allay the suspicions of France, Italy and Japan, they tried abundantly to do so; but they must have left in the wake of their utterances an uneasy wonder, in some quarters, as to the reason for a dozen disavowals.

This, if there was one, was the blemish on the negotiations. The British Constitution, after all, sets some limits to what a Prime Minister can do; and surely, by now, after the widespread surprise caused by the failure of the American Senate to adhere to the League of Nations, it must be understood in official circles throughout the world that it is not only politically unwise but legally impossible for the President of the United States to enter into international engagements without the Senate's advice and consent.

VII.

BUT if the meetings between Mr. Hoover and Mr. MacDonald were informal, they were none the less momentous. Two great and influential men talked together and found that, down deep, they had the same point of view. They looked at the risks of war as against the "risks of peace," and they concluded that it was unthinkable that the nations they represent should take the risks of war against each other. They concluded that the potentialities of a world at peace were worth new sacrifices of old concepts. In this spirit they reviewed the subjects of controversy between their peoples. Some were found to be insignificant, and they were quickly dismissed. Some were found to be difficult, and the machinery was set in motion to solve them. Some were postponed for a later season. In the end they put their seal to these words:

"*We have agreed that all disputes shall be settled by pacific means. Both our Governments resolve to accept the peace pact not only as a declaration of our good intentions but as a positive obligation to direct our national policy in accordance with its pledge.*"

It remains to be seen whether this high purpose can dominate the five Power naval conference: but assuredly, from this day forward, political relations between the British Commonwealth and the United States stand on a surer footing than ever before.

The United States of America.
November 1, 1929.

THE PREROGATIVE OF DISSOLUTION

"I said in this book that it would very much surprise people if they were only told how many things the Queen could do without consulting Parliament, and it certainly has so proved, for when the Queen abolished purchase in the army by an Act of Prerogative (after the Lords had rejected the Bill for doing so), there was a great and general astonishment.

"But this is nothing to what the Queen can by law do without consulting Parliament. Not to mention other things, she could disband the army (by law she cannot engage more than a certain number of men, but she is not obliged to engage any men); she could dismiss all the officers, from the General Commanding-in-Chief downwards; she could dismiss all the sailors too; she could sell off all our ships of war and all our naval stores; she could make a peace by the sacrifice of Cornwall, and begin a war for the conquest of Brittany. She could make every citizen in the United Kingdom, male or female, a peer; she could make every parish in the United Kingdom a 'university'; she could dismiss most of the civil servants; she could pardon all offenders. In a word, the Queen could by prerogative upset all the action of civil government within the government, could disgrace the nation by a bad war or peace, and could, by disbanding our forces, whether land or sea, leave us defenceless against foreign nations." [THE ENGLISH CONSTITUTION, by WALTER BAGEHOT.]

THIS well-known passage was substantially accurate when Walter Bagehot wrote it. *Mutatis mutandis*, it is even to-day a substantially accurate catalogue of the more important of those powers which are labelled collec-

tively the Royal Prerogative. William the Conqueror's will was law. He wielded the discretionary powers, executive legislative and judicial, of an unlimited autocrat. From time to time his successors have surrendered, or had wrested from them, the bulk of these powers. Most of them have passed to Parliament. The surviving residue is the "Royal Prerogative."

Bagehot's enumeration, though impressive, neither claims to be, nor is, complete. It is easy to enlarge his list. We all know, for instance, that the King can do no wrong. This means *inter alia* that if he should elect to commit theft, arson or murder, there is no known legal machinery for calling him to account. His own writ cannot issue, nor his own courts execute process against him. He cannot be "estopped." Periods of limitation do not, with some exceptions, run against him. Even from the common incidents of mortality he is immune. He is never a minor: he cannot even—at any rate viewed as a corporation sole—die. Nor can anything short of an Act of Parliament shear him of these extraordinary and in some respects miraculous attributes. The passage of such an Act he could easily frustrate without breaking the law. For, first, he need not summon Parliament oftener than once in three years; secondly, he can dissolve it as soon as summoned; and thirdly, if in the interval Parliament did succeed, by some prodigy of legislative expedition, in passing through both Houses a Bill abridging the prerogative, the King could legally reduce it to waste paper by withholding his assent.

The King in fact still enjoys legal powers which any despot in history might envy. How is it, in face of this, that British subjects enjoy a degree of practical liberty which is hardly approached in the most advanced republic? The answer, though by no means always obvious—Blackstone's *Commentaries* give no hint of it—is now as familiar as the paradox. It is that the Royal Prerogative is in practice exercised in conformity with the "conventions of the constitution," a body of rules possessing no legal force,

but commanding in most cases as much practical observance as the law.* The most important of these rules prescribes that the Sovereign shall (with some debatable exceptions) act only on the advice of Ministers; in other words, it is the Ministers of the Crown, and not the Sovereign personally, who, in substance, wield the discretionary powers of the Crown. Other rules concern the advice which Ministers may properly tender to the Crown as to the manner or direction in which the prerogative powers are to be applied. Thus, Ministers must advise the Crown to summon Parliament annually. They must not advise the Crown to make a peace, declare a war, or conclude a treaty, of which Parliament would disapprove. They must not advise him to withhold his assent from Bills which both Houses have passed—and *a fortiori* he must not withhold it of his own motion. Yet other rules determine who shall be entitled, as Ministers, to become advisers of the Crown, and how long they shall be entitled to fill that position. Under this head falls the convention that a party which possesses a majority in the House of Commons is entitled to have its most influential leader made Prime Minister, and upon his advice and selection to have its other leading members placed in office. A Ministry, if defeated in the House of Commons on an issue of primary importance, should resign but is entitled in the alternative, in most cases, to advise a dissolution.

II. The Conventions of the Constitution

THE prerogative of dissolution and the proper manner and occasion of its exercise is the subject of the present article. The question may be formulated thus:

* There is (over and above the conventions) a further restraint on the exercise by the King of his full powers, namely, that the Royal will is in most cases legally ineffective unless expressed with certain formalities. These commonly involve the co-operation (by countersignature of documents and the like) of a Minister. But no such co-operation is needed by the King for the purpose of dissolving Parliament.

Are there any occasions on which the Sovereign could properly act in reference to the prerogative of dissolution on his own personal initiative, either by refusing a dissolution to a Ministry which advised it, or by enforcing a dissolution against the wishes, or otherwise than upon the advice, of the Ministry? In law it is beyond dispute that the Sovereign could do both these things, if occasion arose, to-morrow. Could he do either of them without violating the conventions of the constitution, which in other respects regulate so narrowly the exercise of his unquestioned legal powers? What convention, if any, governs the exercise of this particular legal right? In what precedents is it to be sought? Does the same rule prevail in relation to the Dominions and the mother country? And so far as the mother country in particular is concerned, does the emergence of a third party, involving minority government as a malady of recurrent if not of chronic incidence, require that a new convention should be called into being to meet the needs of the future?

First, then, it may be well to consider what is the existing convention (1) in the mother country, (2) in the Dominions. As we shall see, these are not identical.

In the mother country it is safe to say that the current convention forbids the Monarch to dissolve otherwise than upon the advice of Ministers. Nothing resembling such action has been taken by any English King for over two centuries. The nearest approach to it was the action of George III in 1783 and of William IV in 1834. In both* cases the Sovereign dismissed a Ministry which enjoyed the confidence of a majority of the House of Commons, replaced it by a Ministry which did not, and granted the latter a dissolution. On the first occasion the succeeding general election returned the King's nominees to power,

* It seems, however, to be established now that in the second case the King did not dismiss Lord Melbourne, but accepted the Minister's own suggestion that he should resign. (See *Lord Melbourne's Papers*, pp. 219-221, 225.)

on the second it did not. There has been copious debate whether the action of either King was "constitutional." To-day it would, failing wholly exceptional circumstances, not be so reckoned.* But the point to be noted is that in neither case did the King do the precise thing we are now considering, namely, dissolve otherwise than upon the advice of his Ministers for the time being. This was done by William III in 1701, before the era of Ministerial responsibility. Since then it has, we think, not been attempted, and to-day such an attempt would beyond question amount, subject as above, to a breach of established custom.

Do the same considerations apply to a refusal by the King to grant a dissolution advised by his Ministers? Sir William Anson's view is—with a qualification to be noticed later—that a request for a dissolution is not, according to current constitutional practice, refused, but cannot always constitutionally be demanded. It can only, he thinks, be properly demanded "if there is reason to suppose that the House of Commons and the majority of the electorate are at variance." Reason to presume or to apprehend such a variance may be furnished by adverse by-elections, by the emergence of a vital issue not before the electors on the last occasion, by the espousal by the party in power of an important new item of policy, or indeed by the mere existence of a virgin electoral register resulting from a recent extension of the franchise.

So far Anson would appear to be saying that a dissolution which would properly be demanded in the above events must, even though improperly demanded, always be granted by the Sovereign. However, the learned author qualifies this apparently simple rule by suggesting that when the conduct of Ministers is sufficiently improper the

* Queen Victoria, writing in 1846, clearly thought such action in very exceptional circumstances justified. It (the power of the Crown to dissolve) is a "valuable and powerful instrument . . . but one which ought not to be used except in extreme cases and with a certainty of success." (*Letters of Queen Victoria*, vol. II, p. 108.)

personal exercise of the prerogative, by way of forcing or refusing a dissolution, might conceivably with advantage be revived. Before considering this vital qualification and the cases to which it might apply, it may be convenient to compare existing Dominion practice and precedent in relation to dissolution with that which has hitherto obtained in the United Kingdom.

III. The Practice in the Dominions

IN the Dominions the prerogative of dissolution is exercised by the Governor-General as representing the Sovereign, and there have unquestionably been cases—one of them notorious and recent—in which the Governor-General has acted in relation to it in defiance of the advice of Ministers. There is in truth no obvious *a priori* reason why the prerogative should be administered with rigid uniformity in the Dominions and at home, and there are factors which explain and to some extent justify the divergence which, at least until recently, existed between them. A Dominion Governor, it is true, in one aspect represents the King, and so far acts on the advice of Ministers and not otherwise. In another aspect he is sharply contrasted with the King, being indeed a servant of the Crown, deriving his authority from his appointment, holding his office for a limited period, subject to recall, liable, in some cases, *in tort*, and discharging certain functions, such as that of "reserving" a Dominion measure, for which no analogue exists in the machinery of the Imperial Government. Before the Imperial Conference of 1926 it would have been true to add that he was to some, though a diminishing, extent regarded as an agent of Downing Street, charged *inter alia* with the protection of the interests of the mother country or the Empire as a whole, should these interests be threatened by the Dominion authorities.

It is obvious that in this last capacity he might feel

bound to exercise an independence of Ministerial advice which would be wholly out of place when he was acting as a formal representative of the King. A resolution of the Imperial Conference of 1926, to be referred to later, seeks to abolish this dualism by declaring that he is not an agent of the home Government but in effect a Royal representative and no more. However this may be, there are other factors which could be appealed to as justifying the absence of a rigid uniformity of constitutional practice throughout the Empire. For instance, in several of the Dominions, Parliaments are triennial. Hence that disharmony between the views of the electors and those of their representatives in the legislature, which is the usual and legitimate ground for advising a dissolution, has less time to develop than in the United Kingdom, and there is less warrant in any given case for assuming that it has in fact developed between the opening of a Parliament and its effluxion by time.

These and similar considerations explain the prevalence, at least until quite recently, of different conventions as to dissolution in the Dominions, and in this country. Writing in 1924, Professor Berriedale Keith said: "the constitutional usage in the Dominions has not yet laid it down that, as regards the demand for a dissolution, the Governor must act on Ministerial advice, although there are signs that this convention is on the way to be recognised in all the more important cases." The statement of fact with which this sentence opens and the prediction with which it ends have since received a striking endorsement. It would be easy to multiply instances in which Governors in the Dominions have declined to grant a dissolution to an existing Ministry when they could find an alternative administration able to command the confidence of Parliament.*

* Sir R. Munro-Ferguson occasioned surprise by granting in 1914 a double dissolution of the Australian Parliament at the request of a party commanding a bare majority in the lower House and none in the upper. His predecessors had refused on three occasions a dissolution of the House of Representatives.

The Practice in the Dominions

It suffices for the present purpose to recall the classic instance of such a refusal—that by Lord Byng in 1926—which brought the whole question to a head. After the general election of October 1925, Mr. Mackenzie King found himself in a minority, but being assured of support from the balancing Progressive party, decided to carry on. After he had been some months in office, it will be remembered, certain scandals connected with the administration of the customs under the previous Ministry were brought to light. It was obvious that Mr. King, now shorn of the necessary Progressive support, would be defeated in the House on a vote of censure tabled by the Conservatives. In the last week of June 1926 he asked Lord Byng, the Governor-General, for a dissolution. This Lord Byng refused, and sent for Mr. Meighen, the leader of the Conservatives—the largest party in the House. The latter, after carrying on for a few days, was also defeated, and in his turn asked for a dissolution on July 2. Lord Byng granted to Mr. Meighen what he had refused to Mr. King. His action in so doing caused very high feeling among the Liberals. Apparently the electors shared this feeling. At any rate, at the ensuing general election they returned the Liberals to power. To the uninstructed eye it might appear that, whether constitutional or not, Lord Byng's action occasioned in effect little practical hardship. The Liberals —the aggrieved party—were returned, and the net result of Lord Byng's operations was that instead of the Liberals going to the country in the last week of June, the Conservatives went to the country in the first week of July. But in Canada it produced violent controversy. On the one hand it was alleged that the Governor-General had acted unconstitutionally in refusing the advice of the Prime Minister of the time. Indignation was heightened by the suggestion that it was one more instance of interference in Canadian autonomy by Great Britain—or at least by a British statesman—for it was clear that Downing Street itself was strictly neutral. The fact that it is generally

supposed in Canada to make a great deal of difference which party goes to the country, since that party controls patronage and party machinery, made Lord Byng's action, in giving to Mr. Meighen what he had refused to Mr. King, appear invidious and partial. On the other hand, it was alleged that the Governor-General had acted with complete constitutional propriety. Rather than grant a dissolution to a minority Prime Minister within a few months of a general election he had invited the leader of the largest single party to attempt to form a government, and it was authoritatively stated that in taking this action he had been fortified by an assurance from the leader of the Progressive party—the balancing party—that it would lend Mr. Meighen its support, a statement which was falsified by events.

The controversy speedily died down after the election, but it had important ulterior results. At the succeeding Imperial Conference, in 1926, a resolution referred to earlier was passed to the following effect :—

> That the Governor-General of a Dominion is the representative of the Crown, holding in all essential respects the same position in relation to the administration of public affairs in the Dominion as is held by His Majesty the King in Great Britain, and that he is not the representative or agent of His Majesty's Government in Great Britain or of any department of that Government.

If this resolution, which can hardly be ignored, is given effect to, Governors-General will be increasingly loth to act except in accord with the practice of the Crown in Great Britain.

IV. The Crown in the Constitution

AN attempt has been made so far to analyse the current constitutional practice with regard to dissolution in the mother country and the Dominions respectively. The result of the analysis is to suggest (1) that the existing

convention in the United Kingdom requires this prerogative to be exercised on the advice of Ministers and not otherwise, but (2) that the existing convention equally requires Ministers not to ask for a dissolution except in the events outlined earlier, and (3) that the convention ruling in the Dominions until recently permitted the Governor to act in this matter in relative independence of Ministerial advice, but (4) that if the resolution of 1926 is given effect to, this independence will be curtailed and Dominion practice will so far be assimilated to that of the United Kingdom. This may serve to introduce the important question whether the ruling custom to which the mother country now conforms and the Dominions may soon approximate is ideally suited to the needs of the former at the moment; and if not, by what new custom it should be replaced. It is idle to pretend that the conventions of the constitution are like the law of the Medes and Persians. They are not a rigid and immutable code. They are born, they grow and they decay. Some of them are indeed of very recent origin. For instance, it is more than possible that when King George V, acting on his own initiative in almost the only sphere in which the Sovereign can still unquestionably do so, sent for Mr. Baldwin and not for Lord Curzon in 1923, he initiated a new convention that the Prime Minister must be a Commoner. In the United States with a constitution less than a century and a half old, conventions are in a state of rapid evolution, and the same holds good of the Dominions. The conventions lose all value if they change too rapidly, but they are liable to a like degeneration if in a changing society they remain static. Indeed, much of their value lies in their flexibility. The governing aim underlying the rules is relatively constant: the rules themselves whereby this aim is pursued in shifting situations must of necessity vary; they are in the nature of the case tentative and provisional, not hard and fast: displaying rather the elasticity of equity than the rigid lineaments of law.

The conventions have in truth a very practical aim and should be modified, without indecent haste, when they cease to serve it. The aim of most of them, as Dicey has so brilliantly exposed, is to secure that the powers of government, including those covered by the prerogative, shall be exercised in conformity with the will of the nation. There is a presumption that the will of the nation is reflected by the majority of their representatives in the House of Commons. Hence the convention that Ministers shall be selected from the party of which that majority consists, and shall resign so soon as they cease to command such a majority. Hence, again, the convention that the King shall act on the advice of Ministers, that Parliament shall be summoned annually, and many others. The convention that the prerogative of dissolution shall be exercised on the advice of Ministers and not otherwise is at first sight an exception, because, at least in the common case where a dissolution is advised by a Ministry defeated in the House of Commons, it is being exercised on the advice of men who, *ex hypothesi*, have lost the confidence of that House. Yet, inasmuch as a dissolution may as a rule only be properly advised when there is good reason to suppose that the majority of the House of Commons does not represent the majority of the electorate, this convention has in truth precisely the same object as the others, namely, the maintenance or restoration of harmony between the executive and the nation. The object is attained by enabling the nation to determine the composition of a new House of Commons which, in turn, determines, indirectly, the composition and policy of a new Ministry.

Does the existing convention serve this vital purpose? Or are there cases in which it would be better promoted by conceding to the Sovereign a larger discretion in the exercise of his undoubted legal powers? This directs attention once more to the suggestion of Sir William Anson that circumstances are imaginable in which a departure from the established convention would be the lesser of two

evils. Such circumstances are, in the view of the present writer, easily conceivable, though very unlikely to occur. The sanity of our statesmen has in the past prevented them from arising, and will probably continue to do so. Suppose, however, for the sake of argument, that a Government introduced a measure prolonging its existence indefinitely or for some inordinate period. The Parliament Act, for good reasons, forbids such a measure being passed over the head of a recalcitrant House of Lords, but assume, again for the sake of argument, that the House of Lords is a consenting party. In such a case the same considerations which ordinarily forbid the Sovereign to force a dissolution *proprio motu* might well make it desirable that he should do so, and there is very little doubt that public opinion would support him in so doing. Again, suppose a Ministry shamelessly violated a major convention, as by refusing to resign or advise a dissolution after repeated defeats in the Commons on measures of capital importance. Here again, the Sovereign's personal intervention, either by dismissing his Ministers and appointing new ones, or by dissolving, might be on balance a public advantage. Or again, assume three parties were returned, none of them possessing a clear majority: each in turn attempts to form a Ministry but in each case the other two join forces to oust it. None of the Ministers advises a dissolution. A forced dissolution by the King might, in these improbable circumstances, afford the only exit from the resulting deadlock.

These are cases in which, it is suggested, the Sovereign might with advantage to the public dissolve without Ministerial advice. But cases are not impossible to imagine when he might with equal advantage refuse a dissolution which a Ministry requests. For instance, a Ministry defeated in the Commons asks for a dissolution, and its request is granted. After the general election the Ministry still finds itself in a minority. The Prime Minister advises a second dissolution. It is common ground among

authorities on the constitution that such a request would be grossly improper. May one not go further and suggest that the Sovereign would be fully justified in declining it? In doing so he would be serving the paramount object which the existing conventions are designed, but in this case would have failed, to subserve, namely, that government should be conducted in accordance with the will of the nation.

The King is a vital balancing force in our constitution. Its other limbs—the Ministry, Parliament and the electors—could not work without him, or some force or factor corresponding to him. He is potentially the only immediate protection available to the nation against an unscrupulous Government or Parliament. He is this by virtue of the wide legal powers which he possesses but hardly ever exercises. The reason why the powers are so largely held in abeyance are, first, that the King and his advisers have in the past steadily aimed at reducing to a minimum the occasions which require active Royal intervention. Such intervention is almost bound to work to the disadvantage of some party or group, which may then be tempted to make the hereditary monarchy a target of attack. A second reason is that the exercise of the King's powers is rendered largely unnecessary by the mere knowledge that they exist. The powers, however, are not dead but sleeping, and a suitable emergency would rouse them from their slumber.

V. The Three Party System

IT is suggested that in the three or four imaginary cases considered above the disadvantages involved in the King's personal intervention would be more than offset by its benefits. The practice of non-intervention which has for so long been unbroken is due to the fact that circumstances of the kind assumed have not arisen within human memory. But it is a mistake to make a sacrosanct fetish of a practice which owes its existence and justification to circumstances

which are mutable. Circumstances have indeed in our recent political history altered in a direction which compels reconsideration of established custom. The three party system is in a sense not new. The nineteenth century had its Peelites and its Liberal Unionists. There were before the war four parties represented in Parliament. But the Labour party was small and voted so uniformly with the Liberals as practically to form an annex of that party. While the Irish party was such a peculiar and non-recurrent phenomenon—if only in the respect that it never either would or could form a Government—that its existence throws no light on our present problem. Only the two older parties could or did assume office. To-day three parties exist, all willing, if invited, to assume the reins of power; yet each of them unlikely, in many if not most cases, to command a clear majority over the other two. Such a position is in substance unparalleled.

It first disclosed its complications after the general election of 1923, when no party commanded a clear majority. Mr. Baldwin, as leader of a reduced but still the largest party, did not resign after the 1923 general election but met Parliament. Liberal and Labour, taking the view that, whatever the electors intended by their action, it was not a vote of confidence in the Conservative party, combined to turn him out, and Mr. MacDonald, as leader of the second largest party, assumed office with Liberal support. The question was then mooted whether if Mr. MacDonald sought then and there to introduce sweeping socialistic measures, thereby inviting and sustaining a defeat in the Commons, the Crown would be bound constitutionally to grant a dissolution at his request. Lord Oxford, in a speech at the National Liberal Club reported in *The Times* of December 19, 1923, questioned whether the Crown would be so bound, if it could find an alternative Ministry to carry on. He used the following language:—

> It (the prerogative of dissolution) does not mean that the Crown should act arbitrarily and without the advice of responsible Ministers,

but it does mean that the Crown is not bound to take the advice of a particular Minister to put its subjects to the tumult and turmoil of a series of general elections, so long as he can find other Ministers who are prepared to give it a trial. The notion that a Minister—a Minister who cannot command a majority in the House of Commons, but who is in a minority of 31 per cent.—the notion that a Minister in these circumstances is invested with the right to demand a dissolution is as subversive of constitutional usage, as it would, in my opinion, be pernicious to the general and paramount interests of the nation at large.

This expression of opinion, though the subject of conflicting views at the time and since, cannot be brushed aside as entirely lacking in weight.* Lord Oxford spoke with the authority of one who had made a special study of constitutional law and practice from boyhood, had spent his whole life in politics, and had been primarily responsible for the most dramatic constitutional change within human memory. He would assuredly not have denied that for a long time no request for a dissolution had been refused. This is true, and is accounted for by the fact that dissolutions have not been improperly requested. Probably what he had in view was that a request for dissolution by a party representing less than one-third of the House of Commons, advanced almost immediately after a general election, would have been so improper and unexampled as to make the existing convention inapplicable. Every constitutional authority† admits that there may be circumstances which justify such a refusal—*e.g.*, where a Ministry, which has been granted one dissolution and is returned with a minority in the new Parliament, asks the Crown for a second. Why is a refusal justified in this case? Because the second dissolution, if granted, while it would put the country to enormous expense and inconvenience, would probably yield the same result as the first and therefore serve no purpose. A possible dissolution at the request of Mr. MacDonald early in 1924 such as Lord Oxford had in mind, would

* As it is, for instance, by Professor Berriedale Keith.

† Including Professor Berriedale Keith.

have been open to much the same objection, unless for some inscrutable reason the electors' disapproval of his programme of nationalisation had evaporated in the course of a few months. It is quite true that the King, many months later, did grant Mr. MacDonald a dissolution, but this was after a vital new issue not before the electors in 1923 had emerged, and, it is generally believed, with the tacit assent of the leaders of the Opposition parties.

VI. A Possible New Convention

THE three party system therefore, where it exists, creates an entirely different situation. Under a system in which substantially there are only two parties, there is much to be said for giving a defeated Ministry the right to demand a dissolution freely. So long as it subsists, an appeal to the electors is bound, unless by some fluke the two parties are returned with exactly equal numbers, to give an unambiguous result. Such a result can by no means be counted on when there are three parties, none of them with a clear majority. The result of the election may be to leave them still in this position. It is common ground that in such case the largest minority party must, in the first instance, be placed in office, but it will often be doubtful whether the electors would desire either and if so which of the other parties to make its tenure of office possible, or whether they would not prefer a combination between the two smaller parties to turn out the largest. They have in a sense pronounced against all three. This being so, the right of free and easy dissolution loses much of its value, and may become a nuisance. The King's government must somehow be carried on, and carried on so far as possible without the dislocation involved in frequent appeals to the people which elicit no certain answer. The conclusion to which these considerations point is that, where three parties exist and none has a majority, either the

Monarch should have wider powers to refuse a dissolution or, perhaps better, the leaders of the various parties should enter into some tacit or express understanding that dissolution should not be advised with the same freedom as before.

If the first alternative were adopted, it would mean in practice that the King, when asked by a minority administration to dissolve, would be entitled to take into account all the relevant circumstances and act accordingly. The Parliament might be a Parliament with a stale mandate and only a few months of life to run ; or it might be fresh from the polls. It might be a Parliament within whose lifetime a new issue of the first importance had arisen, or it might not. It might present unexhausted possibilities of maintaining a Government by fresh coalition or combination, or it might not. If the King on a review of all the material circumstances thought a case had been made out for a dissolution, he would grant it. If not, he should be free to consult the leaders of the other parties as to the feasibility of some combination, compromise or stop-gap which would enable the business of government to proceed without interruption. When, and only when, that attempt had been made and failed, would he be bound constitutionally to grant an appeal to the country. There is, we think, nothing revolutionary in such a proposal; but it would no doubt have to contend with the strong feeling which exists in this country against any enlargement of the practical sphere of Royal influence—particularly one which would make an appeal to the electors more difficult—and with a well-founded reluctance to " drag the Crown into party politics " if any other solution can be found.

The alternative course is free from these objections. It is that the leaders of the parties should enter into some understanding as to the circumstances in which dissolution might properly be advised. Such an understanding might involve as its corollary that the party in power should suspend the introduction of its more contentious measures for

a reasonable time after its assumption of office, and that the parties not in power should, subject to such suspension, enable the party in office to carry on. This is in fact very much what has actually happened in the existing Parliament. Mr. MacDonald's declarations imply that he will not for two years "ride for a fall," while Mr. Baldwin's assurance that he will "abstain from factious opposition" implies a promise of sufficient support, positive or negative, to keep him in office for a reasonable period. Or the understanding might be that, if the party in power introduced a vitally contentious measure within a certain period—say, two years—the Prime Minister should advise the King to test whether Parliament could maintain an alternative Government before granting a dissolution. Whether such an understanding, or the principle underlying it, should be given a more formal expression or a more permanent operation is a question which fully deserves all the consideration which statesmen can give it.

INDIA AND 1930

WITHIN the next twelve months the Government and the people of this country will be called upon to take decisions of the utmost moment to the future of India. It may be said, indeed, that the supreme decision was taken once and for all in August, 1917, and that whatever is done in 1930 can amount to no more than making the adjustments or modifications which experience has shown to be necessary in the initial scheme of reforms. In a sense that statement is probably quite true. Even if changes of method are decided on, it seems likely that the policy enunciated twelve years ago will be re-affirmed and pursued. The terms in which that policy was expressed have often been discussed, and there is room for difference as to their precise significance in detail: but there is no uncertainty as to their general purport. The British people stand pledged, so fast and so far as they find it feasible, to give India the status of a self-governing State within the Empire. There is no reason to imagine that that pledge will not stand.

It is none the less true that next year's verdict will be of a different kind from the decisions of 1919. Those were frankly experimental, the outcome of faith rather than of sight. They were in the main the result of the stimulus and the enthusiasms of the war, and of gratitude for the part which Indian troops had played in it. They depended mainly on assumptions about the capacity of the Indian people, and about the innate virtue and potency of representative institutions. It was recognised that these assump-

tions could only be tested in practice, and accordingly it was deliberately provided that an inquest should be held after ten years. On this occasion, therefore, there will have been prolonged and patient inquiry into ascertainable facts. How have the experimental institutions actually worked? What measure of political capacity in the people have they disclosed? How far have education and enlightenment proceeded? How have the changes affected administration? How far have they produced satisfaction? What do the minorities think of them? Has the representative principle shown the growth and the power of influencing men's minds which was hoped for? What factors have impeded progress, and how far are they removable? And generally, does the record of the past ten years as written either in the proceedings of governments and legislatures, departments and services, local bodies, universities and schools, or in the prosperity and happiness and mental outlook of the people generally, afford ground for carrying on the great experiment still further? What we are awaiting is the report of a quasi-judicial inquest into actual conditions.

No one will be disposed to envy the investigators their task. They are asked to pronounce upon one of the most difficult questions in the world, the results of the first stage of an attempt to apply representative institutions to a people who were not accustomed to them. The volume of the evidence is immense and its diversity overpowering. India is a vast subcontinent that numbers its people in hundreds of millions, its languages in hundreds, and its castes and subcastes in thousands.* Hindu and Moslem, Brahman and Pariah, Sikh and Parsi, Anglo-Indian, Indian Christian, landlord and tenant, official and non-official, educated and illiterate—if each of these categories were united in itself, as all certainly are not, there would never-

* Out of a total population of 319 million, 217 million were recorded in 1921 as Hindus, 69 million as Moslems, 5 million as Christians, 11 million (nearly all in Burma) as Buddhists, 3½ million as Sikhs and nearly 10 million as belonging to primitive tribal religions.

theless be no agreement between them. And from these discordant sources the Commission are required to compose some coherent picture of existing facts, and on it to base a scheme for the future which offers some prospect of secure and stable development, and which must show itself reasonably immune against the attacks that are likely to be made upon it from many directions.

II. Has Dyarchy Failed?

IT has often been said that what the British Government attempted in 1919 was a task never before essayed in the history of the world. They sought to change an autocratic system of government affecting hundreds of millions of people into a democratic one by safe and ordered stages. Believing it impossible to make the whole change at one step, they decided in the first instance to go half way, and for this purpose, in defiance of all the theorists who protested that division of power between different and dissimilar authorities was a fantasy repugnant to reason and experience alike, they resolved upon a bold and novel device. Choosing the sphere of provincial government for their typical experiment, because that comprised the matters which might be expected to be within the ken of the ordinary man, they divided the sphere of administration into two halves, one of which they attached to Indian legislatures and Ministers responsible to them, while the other half they left under the control, ultimately, of the British electorate, a control exercised as hitherto through the Secretary of State, the Government of India and the local Governments and official services in India. This so-called "dyarchy," or the division of the provincial sphere of government into two regions, in one of which the English view and in the other the Indian view was normally to prevail, was the essence of the plan. The arrangement was of the nature of a control experiment. The results in either

sphere could be judged by comparison with results in the other. In the discussion of eleven years ago controversy turned chiefly upon the question whether such division could really be worked, or whether, to use a figure current at the time, the government of a country was not, in fact, like a seamless coat. There were those who thought that nothing but free and frank consultation between the two parties, and an assumable measure of sympathy and goodwill were needed to make the scheme workable. There were those who feared that internal stresses and strains would be set up which would bring the administration to a standstill.

The optimist based himself firmly on the principle that experience and responsibility were the only solvents of political troubles. Only the representative principle, he declared, could be relied on to train people to manage their own affairs by a process of teaching them through their own mistakes. Admitting that the Indian conception of public needs or public duty was different from the English, he still contended that Indian Ministers, Indian parliamentarians, and in the long run Indian electors, unpractised though these were, would learn that there was a right way and a wrong way of doing things and would come to prefer the better way. They would gradually approximate to standards and methods which people more practised in the art of self-government had evolved over a long period of years. For its part too, officialism, associated for the first time in government with Indian non-officials, might come to agree that there was more to be said for doing things in the Indian way than it had hitherto acknowledged. In this way stability might come about by mutual approach. If on both sides, argued the optimist, there was a firm resolve, first that the King's government should be carried on and secondly, that either side would show forbearance, there was no reason why such unity of action as the business of administration requires should not be secured, any more than there is when a coalition Government composed of elements representing various political parties is in power

at home. It was of course recognised that no lines of demarcation drawn on paper between the different spheres of action could correspond to all the cases which would arise in practice. There must be problems clearly involving interests allotted to both sides: there would be others in which it might be arguable on which side of the line the right of action lay. These would be the hard cases, and when they occurred there was nothing for it but to leave the decision either of the specific issue, or of the preliminary question as to jurisdiction, to the Governor who was responsible for both sides.

The pessimist in a sense went further than the optimist in the stress which he laid upon the power of the representative principle. He denied indeed that it would have the rapidly educative effect which its advocates claimed. He was inclined to hark back to ancient history and to contend that democratic institutions argued the pre-existence in the people who developed them of certain qualities which he missed in India. He suggested that politics were the product rather than the cause of national characteristics. He did not believe in the easy assimilation by Indians of the political ideas and methods of the modern world, or the attainment in that way of stable relations with the official system. In so far as parliamentary government became a reality, he expected it to prove much more of a disruptive than a conciliatory or synthetic factor. If it really found itself and made its strength felt, he expected it rapidly to sweep away whatever barriers were set up against its complete supremacy in the shape of the experience and wisdom and authority of the official system, or even such reinforcement as that system might derive from the mandate of the British electorate six thousand miles away. He regarded dyarchy as a sort of unstable compound in which one element must inevitably devour the other. Nationalism was, he thought, the main factor in the situation. The determination of a people who had hitherto had their destinies settled for them to settle their

destinies for themselves in future would always prevent matters in issue from being debated on their merits or in a calm atmosphere ; and in any conflict between the autocratic and the popular principle, he had no doubts that the latter would prevail. Dyarchy, he maintained, offered no real analogy with coalition Governments, both halves of which derived from people who were of one blood and had had the same political training, even if it were not true that " England does not love coalitions " and that they hold together only under the stress of some great national emergency. As for the device of leaving hard cases to the Governor's decision, he thought that the scheme was a confession of failure, in as much as it laid upon the shoulders of one heavily burdened authority, who might or might not have had personal experience of India, the whole load of responsibility in really difficult matters.

We must wait for the Simon Commission to give their verdict upon the working of dyarchy, and it will be surprising if they find it possible to reduce it to a few clear-cut phrases. It must be remembered that two things have happened to obscure the picture. Reforms were unfortunately launched at a time when people were in no mood to get the best out of them. Causes so completely disconnected as the economic troubles and revolutionary movement in Bengal on the one hand, and on the other, the apparent threat to the Moslem Khilafat and the Holy Places in the Hejaz combined surprisingly to produce in 1919 and the succeeding years a widespread agitation and bitterness of spirit that proved a great handicap to the peaceful launching of the new project. In so far as dyarchy failed altogether, as in two provinces it did, the reason must be sought in these events rather than in any inherent defects of the scheme itself. The measure of goodwill postulated by the authors of the scheme was not in fact forthcoming. The politicians were in a mood to reject any scheme that they had not devised themselves. Secondly, the dyarchic plan was not merely novel and

untried, but it was also presented simultaneously to all provinces and all Governors irrespective of differences in conditions, or of differences of conception as to how it should be worked. A large discretion was necessarily left to the Governor who had to keep the two halves of his administration together: and Governors naturally tended to such interpretation of the plan as they thought promised most success. Some aimed deliberately at making their Governments as far as possible unitary by such methods as they thought open to them. Others doubted whether real unity was practicable, or whether methods by which an attempt might be made to secure it lay within the letter and spirit of their commission. No attempt was made to enforce uniformity, probably because it was felt that in anything so experimental diversity of method had a real value. Accordingly the system has been worked in various ways and with varying measures of success; with the result that it is exceedingly difficult to arrive at any universal conclusions.

Broadly speaking, however, those who have followed events in the provinces during the last ten years will question whether either optimists or pessimists were entirely right. Few things are harder than to estimate how far and fast political consciousness is developing in a people. The most contradictory accounts are given by observers whose honesty is beyond question. It is asserted, for example, that the masses of India are on the tip-toe of expectation about the Simon Commission's report, and will manifest their feelings in overwhelming strength if it falls short of their hopes. It is alleged with equal confidence that the masses know nothing and care less about the entire business. Somewhere truth lies between. It is impossible to believe that there has been entire stagnation. The elections, the debates, and the greatly increased publicity given to politics in the press have had their effect. Propaganda on occasions has reached the countryside. But it would be rash to conclude that the magic of the

ballot-box, on which the Montagu-Chelmsford Report laid stress, has had great potency or really worked a miracle. Votes seem to be cast very little upon questions of policy, and almost entirely at the call of religion, or caste, or under local pressure, or on personal grounds, or even in response to quite fantastic suggestions. The voter does not seem to have asserted any hold upon his representative, nor do the elected legislators feel that they owe him allegiance. Similarly in the Councils, parties have not taken stable shape except when a religious issue sweeps men into sectarian camps ; and except for the religious tie, Ministers seem to owe but light allegiance to the legislature. On these points the optimist has been over-sanguine. The parliamentary machine is not yet really functioning. There is small ground yet for saying that the average citizen has realised his power through the vote to insist on having his way ; or that this cause has operated to break down the feature of life in India, namely, the segregation of the people into an immense variety of dissociate groups, which presents the biggest obstacle to the attainment of the political level of more advanced countries. On the other hand, the optimist seems to have been right in thinking that association with Indian Ministers would soften the stiffness of the official attitude ; and that officials would recognise that there was more to be said than they supposed for methods which might be less scientific, less precise, less thorough and (in appearance though not always in reality) less expensive than those in which they themselves believed, if by reason of their greater acceptability to Indian opinion they enabled a greater sum total of good eventually to be done.

The pessimist for his part seems to have erred in over-rating the strategic capacity of the Indian politician. The same cause (namely, the unreality of parliamentary institutions) that defeated the most sanguine estimates has also vitiated his gloomy prognostications. Indian Ministers may not have proved very firm co-operators with the

official half of the Government, but generally they have not played the part which logic seemed to assign to them as leaders of a destructive opposition. Not feeling themselves strongly rooted in the loyalty of the electorate, they have on the whole failed to mobilise and to direct the forces which they were expected to have at their command in a resolute attack upon the official position. They have been too much swayed by communal impulses to command universal backing; and even from their own supporters they have suffered a good deal through personal intrigues and jealousies. No doubt they have also been hampered by not having their separate sources of revenue to draw upon, nor separate agencies to carry out their orders. Dyarchy, if it was to prove the decisive experiment which was its clearest logical justification—the contrast of different systems between which the unbiassed observer was to judge—demanded both these things, so as to leave Ministers as far as possible free agents: but technical complexities in the one case, and very practical considerations of expense in the other, prevented it from being furnished with its perfect equipment. But even though they laboured under these handicaps, the Indian leaders in the provincial arena do not seem to have realised the great potentialities of their position as more practised parliamentarians would have done. They held very strong cards but did not know how to play them. They have been too prone to regard themselves as unofficial holders of official positions. With few exceptions, they have not shown much disposition to enforce their views by resignation; or when they have joined battle with the official system they have not always chosen their ground wisely.

In these respects alarmists have not been justified of their fears. There has been some whittling away of official defences. The fact that official expenditure and official legislation had to win the support of the Councils (if the Governor's emergency powers were not to be used so incessantly as to involve a confession that dyarchy was a

farce) often made it necessary for the Governor in Council to make concessions and to adopt proposals which he would not have done on the naked merits of the question. The official part of the Government has frequently been placed in the difficult position of having to accept what it regards as a minor, though not necessarily a small, concrete mischief for the sake of a general and vaguely apprehended good; and against the comfort of knowing that its conduct would be regarded as showing loyalty to the general end of letting the Indian view prevail where possible, it has had to set the discomfort of knowing also that there are others who would see in its actions only an unworthy abandonment of British traditions or standards, and a futile throwing of sops to Cerberus. But even though the reserved subjects have had most of the lean, and the transferred subjects most of the fat, and though the official services have had to see needed improvements deferred or hoped-for amenities denied, it is still the case that the authority of the Governor in Council has not been seriously shaken, and that by reason of his remaining in charge of the fundamental questions of administration and the enforcement of law and order, he is still really carrying the main burden of the State. That result may be a valid argument for those who urge that dyarchy is disappointing, if not useless, as a means to the acknowledged end. But at all events it falsifies the fears of those who thought that the mere opening of the sluice gates of the representative system would at once let loose a flood that would rapidly sweep all official edifices and landmarks away.

On the other hand, the pessimist seems to have had reason when he said that dyarchy in itself solved nothing because the ultimate difficulties were carried to the Governor. The mischief, however, has not been that Governors were found unequal to the burden. Decisions in particular cases may have been wise or not, but they were given and made good, and in many cases no difficulty or trouble resulted. When, however, feelings were really aroused, as

happens invariably, for instance, in any case into which the race question enters, then all consideration of the merits went by the board; and the Governor's decision for or against the Indian view was greeted as a victory for the popular cause and a step towards the ultimate goal, or execrated as a breach of faith and of the famous preamble to the Act of 1919.

Dyarchy in short has been neither a wonderful ascension to the heights, nor a catastrophic plunge into the pit. It has been a foggy episode in which all parties have been groping. No one has been entirely happy, and extremists on either side agree in condemning it, though for totally different reasons. It has done something to bring Indians and Englishmen together: it has taught a few Indians something of the difficulties of raising money and of expending it wisely and economically; and of steering a steady course amid all the jars and jolts of caste and faction. It has not taught them, because it could not teach them, what the ultimate responsibilities of a Government are. It has taught a few Englishmen a better understanding of the Indian outlook on questions of social effort, humanitarian enterprise, education, penal administration and the like. It has certainly not accelerated nor cheapened the cost of public business. It remains after a decade what it was announced to be, perhaps unwisely, at the outset, a temporary, hybrid, experimental, crepuscular arrangement: and its results have been so diverse and confused as to make it hard to base any confident conclusions upon it. Nobody for choice would wish to see it indefinitely prolonged. The difficulty lies in extracting from its record any sure guidance for the future.

III. The Central Government

THE working of the central Government under reforms has presented problems which are in theory simpler, but in reality even more difficult than those which have

confronted the provinces. They have been simpler in so far as the complications involved in dyarchy have not been present. The Government of India has been a unitary Government composed entirely of members appointed by the Crown. It has included three Indian members; but these were appointed not by reason of their acceptability to the legislature, but on grounds of personal achievement or ability. Accordingly the Indian members in the Government owe no allegiance to the legislature. The inner proceedings of the Government are of course confidential. It is reasonable to surmise that the Indian members have played their part in representing the Indian view upon debated questions: but the Government has always confronted the Assembly with a united front, and if differences of opinion existed within it they have not been disclosed, as dyarchy would certainly have disclosed them. The central Government's trouble has been the simple but very serious one that it lacked a majority in the Assembly. It was liable to defeat on any question on which racial or nationalist feeling was sufficiently stirred to make the various groups of elected members combine against it. If its budget or essential legislation were defeated it had no alternative but recourse to the emergency powers and as, just as in the case of local Governments, it was felt that the frequent use of these would be a confession of failure, it had to exert all its efforts to win assent for its proposals. The Assembly, which has quite overshadowed the Council of State in importance, has been by no means an easy body to deal with. Its members, chosen by direct election in enormous constituencies, feel the tie of responsibility to the electors even less than the provincial parliamentarians, and are less truly representative than they of any opinion but that of the professional classes. But the Assembly rather than the provincial councils has attracted to it the leading personalities among the political leaders; and the importance of the questions which are debated in it—questions of defence, of railways, of tariffs, of banking, of

policy in relation to revolutionary or communistic activities, and the like—has given them ample opportunities of embarrassing the Government, which they have not been slow to use. The severer critic who should judge the main debates of the last few years by the standards of Western countries might be disposed to regard the Assembly as wayward, factious, irresponsible and emotional. At the same time, those who have been long accustomed to regard it as the main duty of Governments in India to say and do exactly as they thought right are disposed to complain of a change of attitude on the part of the Government of India. They deplore the modern reluctance to speak out, and a disposition to temporise and make unsound concessions. The Government is criticised as being excessively absorbed in the parliamentary difficulties immediately confronting it, and as taking too little thought for the wider reactions upon the country of compromises or concessions by which a temporary relief or advantage is purchased. There has been a disposition on recent occasions to call the leaders of Indian parties in the legislature into council over details of administration which ought to remain entirely in the hands of the executive. This, say the critics, is a wholly unforeseen development and contrary to all established principles of government. Why should decisions be shared with those who have no responsibility for them? If there is substance in such criticisms it is fair to reflect that the consequences complained of are probably the inevitable outcome of the situation. The position of an irremovable executive confronted with an adverse elected majority has always produced difficulty. Since the Assembly cannot get rid of the Government and replace it by one of its own choosing, how can it assert itself except by making things as uncomfortable as possible for the executive? And if it has no prospect of providing an alternative Government itself, how should its criticisms be responsible or restrained? With all its shortcomings the Assembly has consistently striven to raise the status of India in the

world, and to advance and extend the popular principle in government: and in the particular sphere of social reform the progressive members have shown zeal and courage which certainly does them credit. And the Government of India also has a fairly effective reply to criticism. Its critics, it would say, evidently fail to realise how greatly the position has been changed by reforms if they expect the Government to wear unchanged exactly the same attributes as of old. Deviations from the ancient ways may be distasteful or even disquieting: but they are the price of progress towards the end in view. When the worst has been said, the Government of India, a nominated Government with a nationalist majority against it in the legislature, and yet expected according to British parliamentary traditions as far as possible to carry the legislature with it, has conducted the government for ten years, collected revenues, kept the peace, and pursued improvements and developments, without producing a deadlock in the legislature or deep-seated dissatisfaction in the country. It may not be a heroic task; but it has been no light and easy one; and of those who have been engaged in it history will probably do the justice of saying that they have, in spite of difficulty and discouragement, faithfully endeavoured to carry out the policy laid down by Parliament.

The Simon Commission can be trusted to realise the embarrassments under which provincial and central Governments have laboured, as well as the growing dissatisfaction with which articulate opinion in India regards the present position. They will, of course, do their utmost to seek out some more promising solution. Their main trouble will be that, as they feel their way to concrete proposals, they are likely to realise more and more the straitness of the limiting conditions.

There are those, both among Indians and Englishmen, who hold with the greatest earnestness and conviction that, as matters stand, to attempt a democratic solution of India's

political problem is wrong. To them, it is no answer to say that England's word was once for all pledged in August 1917, and that there can be no going back on the endeavour to bring parliamentary government into being. They rejoin that if it is shown, as they think it clearly shown, that the essentials of democracy are still lacking, then to pursue the forms of it is sheer doctrinaire folly and exceedingly dangerous, and that we ought to acknowledge our well intentioned errors of method and seek other ways "more consonant with the mind of India" of enabling her people to control their own affairs. They can make out a strong case for their fundamental proposition, and if it is once admitted, then it is difficult logically to resist certain conclusions. Either we should entirely abandon the democratic ideal or, while adhering to it as an ideal, we should concentrate our efforts on bringing about the antecedent conditions which seem necessary to success, and think less of the forms of government than of the forces which affect men's minds. But it is difficult to suppose that the British people, believing as they do in democracy and free institutions for themselves, will decisively declare that these are unsuited to India. They are bound to conclude, as they did in 1919, that there is no alternative to liberal institutions except recourse to some form of Indian monarchical or oligarchical rule, which is wholly out of keeping with their own principles and which it would be a betrayal of those principles to set up. "We have no right," the man in the street would say, "to withdraw our control over India if it means handing over the people either to autocratic rajahs or to priestly castes. It may be true that the roots of democracy are going to grow very slowly and painfully in India, but at all events that is not clear yet. We must be patient and go ahead on the lines laid down, at least until we are perfectly convinced that they lead nowhere."

It seems probable that the voice of the man in the street will be also the voice of the Simon Commission. It is

not to be expected that they will condemn the democratic idea as hopelessly illusory and search out some entirely new beginning. But it will be only to the good if they show that they have listened fully and patiently to those counsellors of both races who doubt whether India as yet understands what democracy involves, and that they have framed their own proposals with the aim of calling forth and developing whatever essential elements they now find lacking in the thought of the Indian people. The home Government have promised that when the report is before them they will consult India's opinion upon it and give full consideration to its views. India's chosen representatives will best serve their country's cause if they can convince opinion in England that they sincerely desire to promote the spirit and not merely the forms of democracy.

IV. India's Expectations

TO the limited extent to which it is possible to speak in general terms about the mind of India, there is confident expectation of some marked advance towards self-government. This is true not only of the zealots who are prepared to say "Perish India, if only we get rid of the British"; not only of the cooler blooded politicians who hope to secure power for themselves, and at the same time to retain British support in time of trouble; but also of the widening circle of the educated and semi-educated classes who are certainly not anxious for any violent disturbance, but who feel keenly that the honour and self-respect of their country is involved. On the other hand, there are minority communities, or the more representative sections of them, who are afraid of majority domination, like most of the Moslems, the depressed classes, and the Indian Christians. They are hampered in saying openly what they really want. They are reluctant not to appear good patriots; they reflect that if changes are coming it may

be unwise to antagonise the stronger communities; and so for the most part they take the line of saying that they too want progress, but subject to indefeasible safeguards for their own security. And when pressed to say what exactly they mean by safeguards, they produce schemes of checks and vetoes by some external authority that would be positively retrogressive. And at the back of all these there is the countless population in the villages, who in theory are the electors of the future, the potential masters of the entire situation, and who really know or care very little either way. British official opinion is conservative, but naturally reticent. It probably thinks that the whole inquiry is unnecessary and disturbing, and that, on the principle of not digging up a growing plant, it would have been wiser to have prolonged the initial stage of the experiment until it could show much more definite results. English commercial opinion, which even now takes rather an intermittent interest in Indian politics, has not shown any profound understanding of the essential issues. It began by cheerily lending support to some of the more advanced Indian demands; and then when it had had time to consider what these might involve, it hastened to explain that it had not entirely meant what it had said.

The demands preferred by Indian nationalists are of all degrees of extension. Complete independence; complete Dominion status; modified Dominion status; complete provincial autonomy; modified provincial autonomy; a responsible government of India; a dyarchic government of India; a federation to include the Indian States; and so forth, all have their advocates. But it is not proposed to examine all these projects, and still less to try to deduce what the ideal solution would be. That is the task of the Commission, and to the Commission it may be left. But on the two working assumptions, (1) that there will be no casting back to some entirely new point of departure, and (2) that the aim will be to advance if possible, it is worth while to consider what are the limiting conditions with

which any re-shaping of the constitution must conform, if it is to express realities with sufficient accuracy to enable it to serve its purpose of bringing a fuller political life to the people of India without inviting either deadlock or disorder. About these governing conditions there is little to be said that has not been said already; and any discussion of them is apt to cause irritation to ardent Indians who suspect that the least reference to difficulties may be an excuse for going back on the entire policy. And yet there seems to be no other way of testing whether the scheme which the Simon Commission will produce is sound or not than by asking what account it takes of the main discernible elements in the Indian situation, and how it proposes to deal with them.

V. The Future

THE authors of the Montagu-Chelmsford Report regarded the education of the electorate as the foundation of their proposals. The progress of education in the narrower sense is one of the matters into which the Simon Commission is specially instructed to enquire, and which it has been investigating with the aid of an expert committee. It is already known that there has been an impressive extension of schools and scholars during recent years, but it is anticipated that the quality of the work done will be pronounced less satisfactory. But of the education, in the wider sense, of the village voters the Commissioners must have found many ways to form their own opinion, and it will be surprising if they find that it affords a basis for any marked advance. Most people who know him think that the Indian ryot has a long way to go before he can sustain the weight of a parliamentary system of government. "The gap between the legislature and the people," says one report, "remains a profound one; and there is great cause for misgiving in the immense disparity between

the work to be done in qualifying the elector and the means which are so far in sight for doing it." The Indian villager is still poor, indebted, ignorant, liable to ill health, inert and superstitious to a degree to which Western countries afford no parallel. But his are the hands to which inevitably power will be committed under a representative system of government. The recent Royal Commission on Indian Agriculture, after discussing everything that science and technical advance could do to help the ryot, agreed that at the bottom the problem was psychological rather than scientific. There must be a will to live better, a belief that a fuller life is possible. This was said of the ryot as an economic being, but it is just as true of him as a political being. Mass education in the widest sense is what he needs. No doubt there are agencies at work, and here and there progress is discernible. But, in the history of the past ten years, there seems to be small ground for imagining that political institutions can of themselves provide the cure. They work when certain conditions are present, but they cannot work sufficiently to create and develop the conditions themselves. The departments and institutions which are most directly concerned to remedy the ill-health and impoverishment and ignorance of the villager have been now for some years in Indian hands. British stimulus or interference has been in the main withdrawn and the road left clear for Indian ideas to operate. But an immense task remains to be done, and it may be gravely doubted whether any of the institutions or agencies now handling it, or all of them together, are equal to the task. The building up of a reasonably healthy, prosperous and intelligent electorate is the very first step to be made sure of, if democracy is to be a reality in India. The voter must begin to feel a fuller life within him if he is to use his vote to any good purpose and with any freedom of action and any perception of results. Until he can do that the representative system lacks its mainspring. Therefore the means which the Commission devises to secure the

foundations of its building ought to be the first criterion by which the soundness of its proposals should be judged.

As typical of the Indian ryot as his poverty or his poor physique is the hold which his religion has upon him. Running through the whole fabric of Indian life are the age-long dissensions between religions, of which the Hindu-Moslem feud is the deepest seated and most important. No political edifice is really worth the building which does not take full account of this fact and make wise provision for it. If the sectarian quarrel is to endure unabated, there is small hope for parliamentary methods. Religious hatreds are a poison to civic life. They make men of one belief regard those of another belief as enemies and not as brother-men who are entitled to equal consideration with themselves. All this has been said many times without much effect on the opposing communities ; and despondent critics have been apt to conclude that until a great change of heart occurs all our well-meant efforts are likely to be vain.

The peoples of India are still organised mainly on a religious basis. But, interesting though the attempt might be, this is not the occasion to cast back and try to retrace the processes by which a theocratic structure of society in Europe passed into the beginnings of democracy. Nor would it profit much for immediate purposes to seek to apportion blame, and to ask if either side or both sides together might not, if they had chosen, have brought about a healthier condition of things. The British public, like the Simon Commission, have to take facts as they find them, and about the main facts there is small room for doubt. The Hindus are in a strong majority and have the advantages of wealth, education and combination. The Moslems as a whole dread a Hindu ascendancy. Feelings on both sides are tense and have been quickened by the prospect of an approach to self-government. The Moslems as a whole are clinging to their separate electoral rolls and separate seats in the legislatures, conceded originally by Lord Morley and confirmed ten years ago. But communal electorates

are an obvious denial of the democratic principle, and a bar to its full realisation. They encourage divisions and they impede combination for ordinary public and non-religious ends. They rift Ministries and cut across parliamentary and service loyalties. They make it impossible for any legislature to pass a redistribution Bill. They preserve the grip of external authority over bodies which are meant to be autonomous. These truths have to be faced if there is to be genuine and not merely sham progress. At the same time, the minorities for the moment are implacable through fright, and it may be they are not without good cause. Here again what is wanted is something that no Commission and no Government can directly supply: it is a change of heart. But at least the architects of the political structure ought to make plain to all concerned the realities of the case: there must be no pretending that communalism is a trifling or minor embarrassment: it must be exhibited as what it really is, not merely a passive obstacle but a hostile counter-force. The Commission must do nothing to entrench or to sanctify it, and must by any methods possible provide means and encouragement for its gradual extinction. The greatest stimulus would be to make further progress depend upon the extent to which minorities can be induced voluntarily to abandon their undemocratic entrenchments. The point is a cardinal point, and the Commission's treatment of it will demand close scrutiny.

The Reforms Report of 1918 touched rather briefly on a question which has assumed greater importance since that date. So long as India depends for her internal and external security upon the army and navy of the United Kingdom, the measure of self-determination which she enjoys must be inevitably limited. The growing national consciousness which reforms have done much to quicken has led to various demands from Indian leaders for the progressive Indianisation of the army; the formation of more territorial units, particularly in urban and university centres, and the grant of increased commissions to Indian officers. Something

has been done to meet these demands; indeed more has probably been done than purely military considerations would approve. But Indian opinion desires quicker progress, and the keen resentment felt when reasons of military efficiency in the long run so far prevailed as to disappoint the expectations encouraged by the Skeen Committee's report is significant. It showed that the acuter minds in India are coming to perceive what seems an obvious truth: that a country is in a position to govern itself when it can exercise the first function of all governments and defend itself of its own strength. There can be no reliance in the long run on the strong arm of the British army, unless Britain is to retain a determining voice as regards India's relations with her neighbours and in matters affecting her internal security. If the desideratum is to get rid of British control of policy, then there is nothing for it but to build up somehow an Indian defence force which can, in the first place, keep law and order in the country and can be trusted to obey an Indian Government, and also ultimately can defend the frontiers. The difficulties are clear enough. Military efficiency is not lightly to be risked; nor is the possibility of a military coup d'état to be wholly ignored. But there is no escape from ultimate realities, and in this particular matter the Indian politicians seem to have been rather more ready to face them than the Government of India. The task is difficult and tedious, but if we are sincere of purpose there can be no evading it. The problem of India's future defence as a factor affecting her political progress is one which neither the Simon Commission nor His Majesty's Government can afford to overlook.

Ten years ago the Indian Princes hardly came into the picture. The Montagu-Chelmsford Report did indeed devote a chapter to them, and helped to call into existence the Council of Princes; but it did not attempt to deal with the main question, how changes in the constitution of British India would react upon the Indian States,

beyond expressing a vague hope that these too would eventually find their place in a general "sisterhood" under a central Government which was thought of as responsible in character, but otherwise nebulous in composition. Since that time, various causes have combined to give insistence and precision to the question which was then left over, of the relations of the States to a changing Government of India. The Council of Princes, though it has failed to attract some of the major rulers, has met regularly, and its discussions have done much to develop the consciousness of common interests. It has put forward grievances relating to tariffs, railways and the like, and the alleged violation of treaty obligations which led last year to the appointment of the Butler Committee. At the same time, the Princes have watched with something like apprehension the growing pressure exerted upon the Government of India by the Assembly; and they have let it be known that they regard themselves as in political relations with the Crown and the Viceroy, and not with a Government whose composition and character may be changed by processes beyond their control. And simultaneously among the subjects of the States, though timidly and sporadically, there have been stirrings of liberal aspirations, and the beginnings of a demand that the rulers should share power with the people. These have been partly fomented from sources in British India. But the principle of autocracy is still very strongly rooted in the States, and, what is all-important, the treaties which the British Government has from time to time concluded with the Durbars, usually include a promise to secure the ruler against internal attempts to overthrow his power.

The Butler Report has dealt without difficulty with the economic and financial grievances of the States. Rejecting the legal arguments addressed to it by Sir Leslie Scott on behalf of the Princes, it has affirmed the doctrine of "paramountcy" in a way which the advanced Princes

will find disappointing. The report looks into the future sufficiently far to recommend that States should not, without their own consent, be handed over to relations with a responsible Government of India. But to the extremely delicate question of the attitude which the Paramount Power should adopt towards a growing demand within the States themselves for self-government, the Butler Report offers a cryptic reply: there would be an obligation, it says, to inquire, and to prescribe the necessary remedies, but there would at the same time be an obligation to maintain the rights and privileges and dignity of the Prince. This may well have been the only reply open, but it lends itself to inconvenient varieties of interpretation.

The increasing importance of economic and commercial ties, the new habit of co-operation among the Princes, growing anxiety as to their future dealings with the Government of India, and the beginnings of pressure from their own subjects are all reasons which make it inevitable that British India's political future should not be settled without the fullest consideration of the Princes' future too. By the terms of their reference the Simon Commission are limited to the concerns of British India; but they are bound to realise the extent to which all India is really one, and they can hardly deal with some portions of their own field without looking over the fence a little. It is not likely, however, that they will feel themselves called upon to discuss in detail the ultimate question of the States. But both the Princes and the Indian politicians, though for different reasons, will insist, and rightly, that some authority shall discuss them. There can be no permanent or hopeful settlement until Indian India and British India have somehow been welded into a whole. The Government of India is not the best authority to do this, because the Princes regard it as being a party to the case. It will be a task for His Majesty's Government themselves, and they will have to hear all parties, including presumably the

subjects of the Indian States.* It is difficult, however, to see how anything resembling a responsible Government in India can take over relations with the Princes, even if their consent were forthcoming, as it would not be, unless a similar political growth to that which is occurring in British India occurs in the States as well. It is hard to imagine a popular Government exercising federal control over autocratic constituent States. Indeed, it is hard to escape from the conclusion that a point will be reached at which advance in British India must be ultimately conditioned by advance in the States as well. If such a point is reached, the reconciling of our newer pledges to British India and our older pledges to the Princes may well tax the statesmanship of His Majesty's Government.

There are other questions, by no means unimportant in themselves, which to those peculiarly concerned with them will provide other criteria by which the Simon Commission's work will be judged. Such, for instance, are the questions of the depressed classes or the Anglo-Indian community or the Indian Christians. Are we to leave them to take their chance altogether under the new dispensation? Or, if not, can we, if we extend the power of elective majorities and Ministers, and diminish the protective power of the English official, secure their protection sufficiently by an article in the instructions to Governors? It has to be remembered that whenever strong feeling is aroused, the Governor's attempt to act on such an article may leave him without Ministers; and a Governor may hesitate to take such a risk unless he feels sure that Parliament is really concerned for oppressed minorities. Such again in a different category are the questions of the protection of British commerce in India against undue discrimination or even direct attack; or the maintenance of India's credit in the markets and security for the discharge

* While this article was in the press, correspondence between the Prime Minister and the Chairman of the Commission has been published which shows that the necessity has been recognised for such a conference "for the purpose of seeking the greatest possible measure of agreement."

of her financial obligations. These matters have an Imperial interest. There is no assured ground for suggesting that they will be menaced. Indian nationalism when it finds itself in power may show prudence, capacity and statesmanship; but it may also manifest itself in more emotional ways, against the possible mischief of which reasonable security should be provided.

But perhaps of greater importance, and certainly of a wholly different character, is the question of the British services in India. It is time to present these in a new light: not as a "steel frame" upholding the structure, and not as a delicate and valuable instrument which has to be carefully cherished and shielded from harm. The cardinal hypothesis that India is to be led towards self-government cannot easily be reconciled with the steel-frame theory; and everyone knows by this time, and best of all the services themselves, that any Englishman who continues to serve in India need not expect to take his stand on the old footing of authority, tradition and prestige. He must make good in competition with Indians, not because of these things, but because of his own peculiar qualities. Probably that proposition was always partly true, but the truth is now more important than ever. There has been a tendency at times to represent India as being of importance to the services. The reality is all the other way. The question is whether the services do or do not contribute to the public life of the country certain essential qualities which cannot at present be adequately obtained in any other way. Do they represent and sustain standards of conduct and business which would be lacking without them? Would India without the Englishman be able to maintain the level of public business which she needs if she is to command respect with the civilised world? Would she ever be able with a purely Indian Government and a purely Indian agency even to maintain the peace and stability of the country? Would, for instance, a purely Indian police force and army obey an Indian parliamentary Government?

Different people, Indian and English, may find different answers to these questions. But if, as many who know India must think is the case, India still needs the Englishman for her own good and happiness, then let there be no mistake about it. She can only have him on certain terms. The services do not mind hard work in a bad climate with its attendant risks and drawbacks ; they do not expect to make money beyond a modest competence ; they are getting used to criticism and abuse, and learning to take it philosophically. But they retain certain ideals and standards and methods which they cannot abandon without loss of self-respect. There still remains a gulf between the Englishman and the educated Indian on many public questions. There may come a point beyond which the Englishman cannot be expected to sink his principles, and there may be policies to which he will refuse to be a party. He will not stay on in India merely to execute orders of which his judgment and conscience disapprove, and still less to coerce people who may be driven to resist such orders. Somehow or other if India wishes to keep her English helpers, she must contrive still to take them into her confidence and allow them some voice in influencing her actions. There must be partnership. But in this case also the remedy lies more in a change of heart than in anything that Governments or Parliament can do. The Indian ryot as a rule likes and trusts and relies on the English services. The Indian politician dislikes him, possibly for various reasons, but among those reasons because he is the chief obstacle in his own path. And yet if the Indian leaders knew where their own real good lay it might be otherwise. What will actually happen only the future can show. More depends on the psychological factor than on guarantees, service conditions or rules made by the Secretary of State. So long as India does not want the Englishman these things are an irritation. If she comes to see that he is really necessary to her, they may become unnecessary. But the contribution which the services still

have it in their power to make to India's welfare is immense, and should be well weighed by those who have to decide her destinies. One of the things which the Statutory Commissioners must do, if they are to convince the unbiassed critic, is to make it quite clear whether they think it possible for the Englishman still to serve India, or possible for India to endure as a civilised and orderly country without him. Either reticence or uncertainty of utterance upon this vital point will suggest that the Commission has failed to go to the root of the matter.

NOTE

On October 31 the Viceroy announced that in accordance with the suggestion made by Sir John Simon, the Chairman of the Statutory Commission, a "conference" would be set up after the publication of the Commission's Report "in which His Majesty's Government should meet representatives both of British India and of the States, for the purpose of seeking the greatest possible measure of agreement for the final proposals which it would later be the duty of His Majesty's Government to submit to Parliament." The Viceroy then proceeded to state that the goal of British policy was the declaration of August 1917, namely, "the gradual development of self-governing institutions, with a view to the progressive realisation of responsible government in India as an integral part of the British Empire," and added that "in view of the doubts which have been expressed both in Great Britain and India regarding the interpretation to be placed on the intentions of the British Government in enacting the Statute of 1919, I am authorised on behalf of His Majesty's Government to state clearly that in their judgment it is implicit in the declaration of 1917 that the natural issue of India's constitutional progress, as there contemplated, is the attainment of Dominion status."

The issue of this statement by the Viceroy produced immediate effects. From cabled reports it seems to have been well received by political opinion in India, both European and Indian. An important section of the Congress leaders, however, appears to have made its co-operation conditional upon the conference being called "not to discuss when Dominion status should be established, but to frame a scheme of Dominion status for India."

In England the statement led to a vigorous controversy about the wisdom of the reference to Dominion status. The Government and

other supporters of the Viceroy held the view that not only the calling of a conference to discuss the Commission's Report, but a formal admission that India's destiny was the attainment of complete equality of status within the Empire were essential if the co-operation of political India in framing or working the new constitution was to be obtained, and that the use of the words "Dominion status," which in no way prejudged the question of the pace, or the steps by which Dominion self-government was to be reached, so far from damaging the prestige of the Statutory Commission, would assure friendly consideration in India for its Report. The opponents of the Viceregal statement held the view that to make the pronouncement about "Dominion status" was to prejudge an issue which had been referred to the Statutory Commission by Parliament, and that, so far from helping to produce co-operation between Great Britain and political India, it would have the opposite effect by leading to an inevitable misunderstanding as to British intentions and to charges of bad faith when the time for the conference came. On November 11, the Prime Minister, in reply to Mr. Baldwin, stated that "the policy, as you will remember, is set out in the preamble of the Government of India Act, 1919, and it stands unchanged unless and until Parliament decides to amend that Act." A reference to the debates in Parliament during the week beginning November 4 will be found in the article on Great Britain.—EDITOR.

THE UNITED STATES OF EUROPE

I. The Political Concept

THE conception of a United States of Europe is not itself a new one. It has been dreamt of by idealists and conquerors alike, for the advantages which unity would confer upon its peoples are incalculable. The cost of the divisions, the tariffs, the wars, which have ravaged Europe from the decline of the Roman Empire, and have been intensified by the destruction of the authority, shadowy though it was, of both the Holy Roman Empire and the mediæval Papacy, is beyond estimate or description. Emmanuel Kant, the Abbé de St. Pierre, Napoleon, even William II, all schemed for European unity, only to discover that national tradition, racial hatred, economic interests were too strong for them, and that Europe clung to its divisions, so that periods of prostration and recovery alternated with periods of war.

Recently, however, the idea of a United States of Europe has taken a new form and acquired a new character. The League of Nations, with the constant assembling of statesmen from every European country (including, at times, even Russia), has already brought some appearance of political integration. European problems are no longer being considered solely from the national angle: the vision of the needs of Europe as a whole is beginning to dawn on Geneva's shores.

On the political side there is no movement forward

beyond that which is actually taking place in the League of Nations itself. In the last few years, however, there has been a strong tendency to develop the conception as an economic one, involving a transformation of economic policy within the limits of the existing political constitution of Europe. And its advocacy at the Assembly of the League this autumn by such responsible statesmen as M. Briand, Herr Stresemann and M. Hymans, and, still more, the special meeting of the representatives of European countries convened afterwards by M. Briand have brought it definitely within the category of issues of practical policy. It becomes necessary for all countries to consider the factors involved in the light of their national interests and traditions. It is the more necessary for Great Britain to do so, because her ambiguous—one might say amphibious—position, looking to the continent on the one hand and to the Atlantic on the other, and her relation to the other members of the Empire raise questions of peculiar difficulty and delicacy. The object of the present article is not to advocate any policy but to consider what are the features of any scheme that is likely to be proposed and what are the principal issues involved.

This is a task of some difficulty, for none of the more responsible advocates of the conception have ever translated it into anything definite enough to be called a scheme. We have no published description even in main outline. We are therefore reduced to a process of inference and conjecture.

II. The Economic Aspect

THE best starting point is to take the basic facts in economic development from which the movement clearly derives its strength and its place among current issues of policy.

The first and most fundamental of these is undoubtedly the constantly increasing tendency of industry to develop

on a large scale, which is impracticable except on a basis of much bigger markets than those which are to be found within any of the single political units of Europe. Ever since the industrial revolution, international trade has been becoming not a luxury but a necessity for all industrial countries with more restricted frontiers than those of the United States of America. Till the invention of steam and its consequences, a manufacturer could find both his raw materials and his customers within a range much smaller than that comprised within the sovereignty of his own country. But year by year since then industry has been increasingly under the necessity of either finding a free route across frontiers or enlarging the scope of these frontiers. The movement towards free trade in the middle of the nineteenth century showed the force of this necessity operating in the first of these directions; the creation of the German *Zollverein* showed it operating in the second.

Since the war the policy of the World Economic Conference exemplifies the first, and the movement for a United States of Europe the second of these tendencies; the one aiming at diluting the character, the other at extending the size of economic units. But, as we shall see, the distinction is not a clear one, and in any schemes for a "united Europe" that are likely to be proposed both elements will probably be found together.

The tendency of industry to large scale operations, and the advantages of mass production and methods of standardisation, which are impossible without secure entry into large markets, are so great that the handicap to small economic units is every day becoming more apparent. At the same time, the prosperity of the United States gives a practical demonstration that can be neither ignored nor questioned. There are, of course, subsidiary causes of that prosperity. But there can be no doubt about the principal one. The claims of the separate States for independence were met by the grant of a very considerable autonomy. But it was subject to two vital exceptions. No State,

under the constitution, can enrol a separate army or erect a separate customs tariff. It is upon this foundation that America's prosperity has been built: it is the absence of any such limitation to the sovereignty of European States that constitutes the chief handicap in their competition with her. This is a handicap increasing with every development in the processes of industry which makes large scale production more economical than small. When a Ford is considering a change or extension of plant which would reduce the cost per unit produced, he knows that throughout a very rich market he is assured of a free and equal opportunity with all possible competitors. A Morris can only have a similar assurance as regards a market a little more than a third in numbers and very much less in purchasing capacity. Outside that smaller and poorer market he can only sell precariously. At any moment a tariff charge may become not only a handicap but an impassable barrier.

This advantage to the American manufacturer is an immense one, increasing of course with the extent to which large scale production is advantageous for the particular article produced. It is, however, most important not to misunderstand its character. It is only an assurance of equal opportunity in a large market, not of a monopoly. On the contrary, there is the keenest competition within the country. For this reason, the complaints of "American dumping," *i.e.*, in the strict sense, the sale for export at lower than the domestic prices, are usually either unfounded or grossly exaggerated. What is called dumping is usually only the legitimate advantage derived from the economies of mass production.

The increasing handicap of smaller economic units, as industry enlarges its natural scale of operations, is thus the fundamental cause of the movement we are considering; and in this respect America appears as the example of what can be done with a wider and freer market. It cannot be ignored, however, that to the minds of many or most

advocates America appears rather as the antagonist than as the example. The form of the question which arises instinctively in their minds is not usually "how can we increase European prosperity?" so much as "how can Europe compete against America?" This is scarcely to be wondered at. Apart from the advantage to which we have referred, which enables the American manufacturer, in many industries, to export at prices with which those who operate on a smaller scale cannot successfully compete, there are many aggravating factors. America is now the largest exporter of industrial goods; she has one of the highest tariffs and imports less than she exports; she is one of the two largest creditors, far the largest as regards public debts. She presents herself to the world as at once requiring increasing payments in respect of debts and refusing to take the goods by which alone these payments can ultimately be made. The only possible result is an increasing American capital investment, in one form or another, in other countries. In particular this often takes the form of the acquisition of controlling shares in basic industries. To many countries this process presents the aspect of increasing financial, industrial and indeed political domination. "We haven't even the choice," said one distinguished person, "of our money or our life. America wants both. She is not content to beat us. She wants to buy us up." And in addition to all these factors, the combination of the high tariff with the demand for most-favoured-nation treatment creates a serious obstacle, as we shall see later, to Europe's efforts to deal with her own tariff troubles by the method most familiar to that continent.

It is not to be wondered at, in these circumstances, that there should be an increasing feeling in many countries, notably in France, Germany, Spain, Czechoslovakia, and Belgium, but not in these countries alone, that Europe must combine, and combine "against America."

This anti-American form of the conception, however, intelligible as it is, is regrettable for many reasons. Ameri-

can progress may injure certain industries in Europe, notably some which are particularly conspicuous to the public mind, such as the motor industry. But it does not diminish European prosperity *absolutely*: it increases it. The investment of American capital in Europe has many advantages, and its dangers are probably exaggerated. Moreover, in any case, all attempts to meet the situation by any other method than that of increasing efficiency and establishing the conditions that favour it are doomed to failure and fraught with great political and other dangers. For every reason, therefore, the positive and constructive approach, "how to enable production, and therefore industry, to be increased by securing the necessary conditions for it," is the right one.

III. Methods of Lowering Tariff Barriers

IF, however, we are to understand the form in which the question is now being raised, we must bear in mind the efforts that have been made during the last few years to remove the impediments that obstruct European development, and the main reasons which have prevented these efforts from being more successful.

The World Economic Conference of 1927 demonstrated beyond question the existence of a universal dissatisfaction with existing tariff systems, and initiated a powerful movement to reform them. It recommended a general and non-discriminating reduction of tariffs, together with their simplification and stabilisation. The method contemplated was a three-fold one; unilateral action, that is, each country acting independently in the hope or with the example of other countries doing the same; bilateral action, or pairs of countries negotiating reductions on articles of special interest to themselves and extending the benefit of these reductions to other countries by the operation of the most-favoured-nation clause; and multilateral

action, or collective agreements being negotiated for the simultaneous removal of barriers and reduction of tariffs. It is the comparative inefficacy of these methods in the experience of the last two years which has led to the feeling that there must be a new approach on other lines.

The first method, unilateral action, had a considerable immediate success in arresting what had before been a rapid upward movement. Under the influence of the forces revealed and made effective by the Conference, projects involving large tariff increases were dropped or amended, and new demands for such tariffs were discouraged. Some actual reductions in tariffs were also made. Since 1927, however, this influence on autonomous action has become less. It has not secured any general downward movement, and on the whole recent increases have probably been more important than reductions. All tariffs are of course buttressed by some private interests which have developed under their protection, and these are better organised, more vocal and more politically effective than the general public interests on the other side. Unilateral action has thus been very difficult, each country finding it politically impracticable to reduce its tariffs without some assurance that other countries would do the same, and the belief in such a general though independent action waning with the lapse of time during which no country took a decisive lead. Moreover, to those who understand the interacting influences under which European tariffs have been built up, and the long traditions of reciprocal bargaining as the basis of their modification, it is almost inconceivable that unilateral action alone will give great results. Some form of bilateral or multilateral agreement is indispensable for any fundamental reform. Some progress has indeed been made by these methods. In 1927—" the year of commercial treaties "—numerous and substantial reductions were negotiated between pairs of countries and extended by virtue of the most-favoured-nation clause : and multilateral action has

in 1928 had some notable successes in removing trade barriers, though it has only touched actual tariffs in one limited sphere.

But the prospects of advance on these lines under present circumstances are not encouraging. On the whole, the general situation is not substantially either better or worse than in 1927. Trade barriers other than tariffs are less, but tariffs on balance are somewhat higher. The upward movement has perhaps—but even that not certainly—been arrested. It has not been reversed.

When we enquire into the reasons for this unsatisfactory situation, we are at once brought face to face with the fundamental fact which underlies the whole problem: the operation of the unconditional most-favoured-nation clause under existing conditions. This clause has long been the traditional basis of British policy. It is now claimed by the United States, and it has recently been accepted to an increasing extent by continental nations accustomed to the principle of reciprocity. It may certainly claim great advantages. It is designed to secure equality, no discrimination and simplicity and also to prevent dangerous confusion of political and economic motives and thus remove many causes of friction.

The two principles "reciprocity" and "no discrimination," logically alternatives, are in practice capable of conciliation under certain conditions. A country giving and claiming undiscriminating treatment can without difficulty secure what it asks from countries which negotiate reciprocal treaties *inter se*, if it is a free trade or a low tariff country. Two countries arranging reductions of special interest to each other are content to give the advantage to other countries if the general policy of those countries is such as not to make the resulting situation impossibly unfair. Even though the duties are equal for other countries, the choice of the articles by the two negotiating countries gives the "reciprocity" principle a real sphere of action. But when countries whose principle of policy

forbids them either to give or accept differences in tariffs have high tariff systems, the situation rapidly becomes impossible. When two moderate tariff countries can only negotiate reductions *inter se* if they are prepared to give these reductions to countries whose general tariff is higher than even their unreduced tariffs, and who give them no advantage in return, two results will follow: first, reduction by the method of bilateral agreements extended by most-favoured-nation treatment will be arrested (this we have seen in 1928); and secondly, there will be a growing feeling that some modification in the unconditional most-favoured-nation treatment is both just and necessary.

We are thus faced with the following position. Progress upon the lines recommended by the Economic Conference —general non-discriminating reductions of tariffs equal in application to all countries—has been arrested. Partly owing to disappointment with this negative result, partly to other causes, we have the development of a strong force which, in one aspect, presses towards the removal of trade barriers and, in the other, contemplates some discrimination in tariffs. It is at once capable of much good and fraught with certain dangers. It is too strong to ignore, and perhaps too strong to defeat; and even if it were defeated, the process might involve the waste of a force that could have been turned to a good use. The very fluidity of the idea and the absence of a definite programme give an opportunity. And the problem turns, as we have seen, upon the scope to be given to the operation of the most-favoured-nation clause in commercial treaties.

IV. The Most Favoured Nation Clause

THIS clause has had a long and varied history and has assumed very different forms at different times. But in the form which has gradually been becoming orthodox it requires *unconditional* most-favoured-nation treatment,

i.e., it undertakes to give any advantages that may afterwards be accorded to third parties automatically, and not subject to corresponding concessions, and it is *unrestricted* in the sense that it applies to all concessions, at least in the sphere of customs policy. One exception only is universally recognised as legitimate. If two or more countries, while retaining their political independence, arrange a complete *Zollverein*, or common customs tariff, the abolition of all customs duties so arranged between themselves is not claimed by other countries. Apart from this universally recognised exception, however, there have been numerous instances where countries demanding most-favoured-nation treatment have agreed to exceptions in the case of contiguous, or closely related, countries. The Scandinavian clause, the Baltic clause, the Spanish-American clause are instances of the reservation of the right by a country to give certain special favours to States with which it has relations of special intimacy without extending them to other countries to whom it grants in general most-favoured-nation treatment. Imperial preference, though technically different, also offers some analogy. Exceptions of this kind are, as we shall see, very relevant to the present problem.

Another principle of some importance emerges from the thorough study of the clause and of its application by the Economic Committee of the League of Nations. That Committee was entrusted, on the initiative of the World Economic Conference, with the task of defining the clause and trying to secure its widest adoption. It was soon faced with the specific question of the relation between the clause and such general conventions as the one to abolish restrictions on imports and exports. It was argued that the very basis of multilateral negotiations would be destroyed if countries which abstained from the negotiations, and from the process of mutual concession which they involved, could claim as of right all the advantages that might result from them. The Committee unanimously agreed that,

under certain conditions, a reservation might be legitimate. But "it can only be justified in the case of plurilateral conventions of a general character and aiming at the improvement of economic relations between peoples, and not in the case of conventions concluded by certain countries to attain particular ends"; it must be expressly stipulated; and it should not be applied as against States giving equivalent advantages though not parties to the convention. The doctrine thus developed and defined at least suggests, though it certainly does not establish, a possible basis for a European scheme.

But before we can pursue this line of examination further, we must try to form a clearer conception of what a European scheme means. The most obvious meaning is complete free trade within Europe, a *Zollverein* of the countries of the continent. A very slight consideration, however, shows the extreme difficulty of realising such a project as an economic scheme only, and in the absence of fundamental political changes. *Zollvereins* have often been advocated, not infrequently attempted, but never realised except under the conditions of an overwhelming political motive and an extremely close political connection between the countries concerned. The reason is not far to seek. A *Zollverein* means a common tariff, which involves a common political authority to determine what it is to be. It involves the distribution of the proceeds of the tariff to all the member States, and therefore a common political instrument to determine in what proportion, and by what methods, the distribution shall be made. The commercial and tariff policy of European States is, however, so central and crucial a part of their general policy, and customs receipts are so central and substantial a part of their revenue, that a common political authority, deciding for all Europe what tariffs should be imposed and how they should be distributed, would be for each country almost as important as its national Government. It would, indeed, almost reduce national Governments to the status of

municipal authorities. In other words, the United States of Europe cannot, in the full sense, be an economic reality without also being a political one. To this fundamental consideration we may add that, after all, the main competition of every country in Europe is not with the outside world but with another European country. It was this competition, and not American, which was the origin of the tariffs; and if the American competition and tariff are an obstacle to their removal, as they are, they are certainly not the only one. The main conclusion seems certain, that in any reasonably near future, and in the absence of a political development little short of a political federation, no European *Zollverein* in the full sense is conceivable.

V. A European Preferential System

WHAT then remains? There are, of course, certain forms of European co-operation which are outside the domain of customs policy. There may be developments of industrial association, cartels and the like; or various forms of common institutions or arrangements to secure co-operation in finance, in the acquisition and exchange of information, etc. Obviously, however, the range and scope of such action are very limited; and obviously those who advocate a European scheme mean more than this; they mean common action and agreement within the sphere of tariffs. Within this sphere common action means either such reduction of tariffs as the negotiating countries are prepared to extend to outside countries, of which the last two years have begun to show the limits, or it means, and this is indeed quite clearly what its advocates do mean, an association between certain countries arranging by common agreement for lower tariffs *inter se* than with the rest of the world, or some part of the rest of the world. Whatever form such an association might

take, it involves as an indispensable factor the acceptance of the principle that a country may impose different duties on the same class of article according to the country from which it is imported; *i.e.*, the principle of discrimination which it is the object of the most-favoured-nation policy to abolish.

Any such proposals may be condemned, as we have suggested, as both retrograde and dangerous. They may be thought retrograde because considerable progress has recently been made in the acceptance of the principle of unconditional most-favoured-nation treatment, shortly before the war by the United States, since then by France and other countries, so that the inclusion of such a clause is now becoming a normal feature of commercial treaties. The World Economic Conference has exerted its influence in this direction, and this has been followed up by the Economic Consultative Committee and the Economic Committee. And the proposals may be considered dangerous because tariff discrimination is a fruitful source of friction; and also because it might easily become the basis, not of reduction, but of a new upward competition in tariffs. It would, for example, perhaps be politically easier for European countries to retain their present tariffs as between themselves and add on a certain percentage against non-European, or some non-European, countries, than to agree upon reductions applicable to all except such countries. The dangers of resentment and retaliation on the part of the countries discriminated against, and of political friction are obvious.

VI. Merits and Defects

AT the same time, before the idea is summarily dismissed, it is necessary to weigh some very important considerations on the other side. It is true that the acceptance, in principle, of the unconditional most-

favoured-nation clause has made great progress. But it is also true that that is now seriously threatened, most notably but not solely by the increased American tariff. Moreover, the practical effect of the clause can be, and often is, largely destroyed by various devices of classification, nomenclature, restriction, etc. In addition, the necessity of including the clause operates, as explained above, as an obstacle to reduction of duties by bilateral agreement. Moreover, the application of the clause in its fullest sense, and without any exception whatever, cuts away, as we have seen, the basis on which multilateral conventions are negotiated. Why should a country attend a conference and subject itself to the process of reciprocal concession if, by standing outside, it can without obligations to itself enjoy the full fruits of a convention made by the concessions of others ?

We must also face seriously the great difficulties in the way of securing reduction of tariffs by methods which exclude altogether any discrimination. For two years the methods contemplated by the Economic Conference have been tried, with the results summarised above. But if general and undiscriminating reduction gives no satisfactory results the only alternative method is to work up to it by more local and geographically restricted action, which of necessity involves a difference between the tariffs applicable inside and outside the local group ; and this can only be the admission of an exception to the most-favoured-nation system which goes beyond the precedents of any exceptions hitherto recognised.

The real question which presents itself may therefore be put in this way. Is the need, and ultimately the general advantage, of a European arrangement so great ; are the other methods of securing it so impracticable ; that it is desirable to advocate the acceptance, under certain conditions, of a much wider exception to the application of the most-favoured-nation clause than has hitherto been admitted ? Would the collective insist-

ence by countries entering into a European agreement on a right to arrange special duties *inter se* involve such difficulties or dangers as to outweigh the advantages ?

To examine this question it is well to consider whether there are any safeguarding conditions which, without rendering concerted reduction of tariffs by this method impossible, would so reduce the dangers as to justify collective support of such a policy.

VII. A Possible Scheme

LET us then consider the outline of a possible scheme and the method by which it could be negotiated. As any such scheme, even though not aiming at anything so ambitious as a European *Zollverein*, must obviously involve the most important political reactions, it is appropriate that it should have been initiated, as it has been, by a statesman of the calibre of M. Briand, welcomed by Herr Stresemann, and presented from the first as a counterpart and a contribution to a developing political rapprochement. Clearly, too, it is desirable that a long period of negotiation should be contemplated, and that during this period the necessary conditions should be assured by a tariff truce between the negotiating countries. Obviously also the procedure must involve both the closest association of responsible Ministers and the aid of permanent experts like those who compose the Economic Committee of the League. So far this procedure is that laid down for the League's work next year. A conference is to take place, probably in February, to try to arrange a tariff truce, and negotiations are to follow between the signatories. At present of course the line which these negotiations is to follow is entirely undetermined. All that is worth noting at the moment is that the procedure would be consistent with the discussion of either a European scheme or pro-

posals of a different character. Let us in imagination proceed to the next step.

The general purpose of the scheme might be that, in view of the natural tendency of industry to develop on a basis of large scale production which cannot be organised except with secure and equal opportunity in markets much larger than those comprised within the political frontiers of many or most States, the contracting States desire to remove the obstacles which at present obstruct such natural development by concerted action; with this object they are forming an association to promote greater and freer economic intercourse, and to secure the substantial, progressive and, if possible, complete removal of economic barriers *inter se*.

It must of course be made clear from the beginning that the object is not to encourage cartels or monopolies, but only to secure more equal opportunity between the manufacturers in the various associated States. As a starting point and basis for winning general support of the required exception to the most-favoured-nation clause the formula of the Economic Committee might be taken, viz., a reservation "can only be justified in the case of plurilateral conventions of a general character and aiming at the improvement of economic relations between peoples." And to satisfy the spirit of this principle the scheme, however modest in its first practical results, should be widely comprehensive in the range of continental countries included, and also such as to promise progressive, if gradual, approach to the greatest possible measure of free trade between them.

We come next, then, to the lines upon which the actual negotiations might proceed. The following principles might perhaps be suitable as a basis. In the first place it should be provided that there should be no increases, not only during the truce period of negotiations, but afterwards, in any existing duties of the contracting States. This provision might, subject to any provision for

modifying the scheme as a whole, be absolute as between the contracting States. But it ought also to apply to the tariffs applied to outside States unless these States make such increases in their own tariffs as, in the opinion of a suitable authority, *e.g.*, a League committee, to create a new situation justifying a departure from the general rule. With this safeguard against the obvious danger that an admitted discrimination might be the basis of increases rather than reductions, the principles under which reductions can be negotiated must be sought. For this purpose present tariff systems might be divided into, say, three categories, high, medium and low. A reduction might be arranged in the general level of all these systems, or alternatively for all but the lowest, the reduction being greater in the high than the medium, and in the medium than the low; and the normal method might be percentage reductions for stated periods so arranged as to increase progressively with a view to such ultimate reduction of the tariffs that their complete abolition would be easy. No single method, such as uniform percentage reductions, would, however, suffice. It would be necessary to analyse the existing tariffs carefully. After such an analysis it might be wise to eliminate in whole or in part from the operation of any automatic reduction system pure *fiscal* duties, with little or no protective effect, *i.e.*, duties on articles not produced in the country or those which have a corresponding excise. On the other hand, it might be possible not merely to reduce, but to abolish altogether, certain duties, such as those which are most clearly injurious to the countries now imposing them, *i.e.*, duties protecting industries based on no material resources or experience or special advantages within the country, and also dead and useless duties which in a number of countries rather discourage consumption than encourage production. Other principles would probably prove necessary or desirable in practice. It might be expedient, for example, to exempt provisionally from any percentage system of reduction not only, as suggested

above, very low tariff systems till the level of others has been substantially reduced, but also specially low duties on particular categories of articles which may be found in tariff systems the general level of which is not exceptionally low. It is, however, impossible at this stage to anticipate the negotiations in all their detail; we must confine ourselves to major principles.

One useful safeguard against the scheme taking the form or the appearance of a conspiracy of certain States of Europe against other countries would be a provision that the association should always be open to all countries of all continents to join on the same conditions, if they should wish. This would make it clear that the object was to secure the reduction of tariffs on as universal a basis as possible, and that the only reason for a limited association was that progress on universal lines had been stopped. It would also be an obvious protection against an abusive use of the scheme. It may indeed be objected that this provision would be likely to be a dead letter, and that non-European countries would not enter. It may also be objected that, if they did, the exception to the most-favoured-nation clause would lose the justification of "geographical contiguity" for which some precedent now exists. Neither of these objections, however, would seem to outweigh the advantages the provision would have in diminishing both grievances and dangers.

This, however, is clearly not enough. Is a country which does not join the association, but which has no tariff, or a low one, to be subject to the maximum tariff of the contracting countries, and to enjoy none of the benefit of the reduced tariffs they arrange *inter se*, even if those reduced tariffs are higher than its own? Clearly this would be inequitable. And there is no reason to assume that the contracting countries would be unwilling to meet this position in return for the moral support of their scheme by such countries. Great Britain in the past, as a free trade or low tariff country, has had no difficulty in securing

most-favoured-nation treatment from countries accustomed to reciprocity, and the difficulty now arises from high tariff countries claiming the privilege. We might, therefore, imagine a provision in the scheme that countries not entering the association should be treated equitably; and that this should involve *inter alia* the principle that countries recognised as having a general level of tariff lower than that of the lowest group within the association should be given the advantage of unconditional most-favoured-nation treatment, though not in the association, and though not themselves obliged to have a higher tariff against those outside than against those inside.

In other words, it is perhaps not impossible that the countries forming the association would be prepared to allow Great Britain, on condition that she does not depart widely from her traditional policy, to escape the dilemma of being either included or excluded.

VIII. Conclusions

THE position of Great Britain and the Empire, under such a scheme, if all the conditions suggested could be secured, would be a favourable one. So long as this country is prepared to be in the category of lowest tariff countries, a condition involving no change upon what is at present her declared policy, she might get the best of both worlds, enjoying the advantages of the lower tariffs applying within the group while not obliged herself to apply different tariffs to those inside and those outside that group, nor to abandon Imperial preference within the limits of a low tariff. That is, she would enjoy as at present the benefit of the most-favoured-nation treatment, but with the double advantage that this would probably mean substantially lower duties against her than at present, and also lower than those applying against her high tariff competitors outside the group.

The responsibility involved would consist in her moral support of countries within the group in insisting upon an exception to the most-favoured-nation clause in treaties with high tariff countries outside the group. She would be involved to this extent in any political or economic troubles that might arise from a resentment of the discrimination. Any reasons for hesitation will presumably depend therefore rather upon a judgment of the general merits and demerits of the scheme in the world system of commercial policies than upon the peculiar characteristics of her own situation.

Let us rapidly, then, resume the case for and against the scheme. It involves discrimination, with all its possible dangers. But the combination of high tariffs with a demand for the full most-favoured-nation clause is so difficult, and by so many countries regarded as so unjust that it seems doubtful whether, in any case, that clause can long remain effective; and a carefully regulated and restricted exception, based upon exceptions already recognised though going beyond them, might present fewer dangers and more benefits than the general collapse of the clause, which may otherwise result. It may involve some difficulty with America. But is this inevitable if the scheme contains all the safeguards suggested and if it is definitely and obviously directed only to securing the nearest approach to a *Zollverein* that is practicable? It is clear indeed that the danger exists and that, in order to diminish it, every care should be taken, both in the procedure of negotiation, in the actual structure of the scheme, and in its presentation, to secure a real understanding of the wider objects of the proposal. With such precautions it would perhaps not be impossible to ensure a sympathetic attitude towards a scheme designed at the most to create an economic unit comparable with that already achieved by the United States. For the maximum possible inclusion of countries in the association could not give a market with a larger consuming capacity than that of the United States.

Conclusions

The difficulties are great and obvious enough. But the alternatives to action on these lines are discouraging and the impetus to action is great and increasing. In any case the situation is such as to require a serious and thorough examination of all the issues involved. The present article is designed to set out these issues, or the most important of them, rather than to determine between them. Above all, it endeavours to urge the need for careful and deliberate study of all the elements of a complex problem before the moment arrives at which a definite, and perhaps irrevocable, decision must be taken.

INTERNATIONAL ASPECTS OF THE COAL PROBLEM

AT a moment when the rumours of a new coal controversy are beginning to be heard in Parliament and in the press, it may be useful to estimate what has been learnt and perhaps to recall some things that have been forgotten since 1926. The events of the three intervening years have shown that the despised and rejected Samuel Commission was on the whole right, and that the settlement, which ignored most of their findings, could be no settlement, because it was based on a mistaken conception of the whole position. It will be remembered that the coal-owners contended that with longer hours and somewhat lower wages the industry would regain its old prosperity. They believed that the whole trouble was due to loss of markets to foreign competitors producing at lower costs, that the extra hour per shift would yield an additional 30 million tons a year, and that, as Mr. Evan Williams stated in evidence for the Mining Association, it was only a question of time before the annual output would reach 300 million tons, thus enabling the industry to reabsorb all the men whom the crisis would deprive of employment. The Commission, on the other hand, concluded that "the depression in the British coal export trade is, in the main, part of a general depression affecting almost all European coal producing countries: an excess of supply over demand," and only in a minor degree the result of foreign competition. In other words, the coal-owners believed that the

evil was national in character and capable of national treatment, while the commissioners clearly held that its causes were international and could not be removed by any purely national measures. Their recommendations might perhaps have received greater attention, had they brought this fundamental point into bolder relief and had they followed their reasoning to its logical conclusion by suggesting the need for some international action to regularise the European situation. But although they confined themselves to proposing only domestic remedies, they no doubt realised that at best their efficacy could only be very partial.

The correctness of the Commission's general view has been amply confirmed by the subsequent course of events in the coal industry. So far as Great Britain is concerned, the whole story is briefly told in the subjoined table:

	Total Output tons. (000's omitted.)	No of persons employed.	Output per Manshift Cwts.	Earnings per shift. s. d.
1924	271,405	1,094,958	17.58	10 8
1925	247,079	1,040,512	18.00	10 6
1927	255,264	960,826	20.60	10 1
1928	241,500	880,585	21.29	9 4
1929*	129,566	889,002	21.79	9 2

These figures (which are based on the average of the quarterly returns for each year) show plainly enough that although the output per man has gradually increased, and although wages have been reduced by nearly 15 per cent., production so far from having reached the glistening total of 300 million tons is still considerably lower than it was before the stoppage. This time there can be no question that the fault does not lie with the miner. His leisure and his standard of living have been curtailed in the search for prosperity, but it has not come. Prices have been lowered by every coal-producing country in Europe in the effort to stimulate

* Figures for the first six months.

trade and to maintain its mining industry, but to none of them have these means brought any permanent relief. Gradually this common experience has convinced them that they are all more or less in the same boat, that to struggle against each other at great cost in wages, profits and unemployment is a barren and hurtful occupation, that the radical trouble is under-consumption everywhere, which can be met far better by international co-operation than by cut-throat competition.

It was a dawning sense of this reality which led the League of Nations through its Economic and Labour Organisations to undertake a survey of the coal problem. With the assistance of a committee of official experts, coal-owners and miners, the International Labour Office has been investigating during the past three years the wages and hours in the coalfields of Europe, with the result that comparative figures which may be regarded as trustworthy are now for the first time available.* Last year the Economic Committee of the League at the instigation of the Belgian employers undertook a general enquiry into the position of the coal trade throughout the world and published in April an interim report.† These various documents possess considerable authority, as they are all based on official data and on extensive consultation of the accredited representatives of the employers and workers in the industry throughout Europe. Acting upon them, the British delegation brought forward a resolution at the Assembly of the League in September proposing that an attempt should be made to mitigate some of the evils which now beset the mining industry by means of international action. Before considering the kind of action contemplated and the prospects of its success, it is necessary

* *Wages and Hours of Work in the Coal Mining Industry* (I.L.O., Geneva, 1928), contains the data for 1925, and is supplemented by an article in the *International Labour Review* for October, 1929, giving the wage figures for 1927.

† *The Problem of the Coal Industry*, League of Nations, Geneva, April 1929.

first to glance at the broad facts of the position as revealed by these international surveys.

II. The Essential Facts

THE first point of primary importance which is revealed by the report of the Economic Committee is that the world demand for coal, so far from being bound to increase with the expansion of industry and the growth of population, as the British coal-owners believed in 1925. has been almost stationary as compared with fifteen years ago. During the years 1886–1913, a period of rapid and continuous economic development, the consumption of coal grew steadily by about 4 per cent. every year. Although its extraction became more costly as the easier seams became exhausted, deeper levels came to be profitably worked, because demand was so strong that it was unchecked by rising prices.

The war and its consequences entirely changed this favourable situation. The rise in general prices accentuated the cost of coal as of everything else. Every effort was therefore made to exploit the great alternative sources of heat and power—oil and electricity—and to utilise coal itself more economically so that the same quantity of energy could be obtained from a much smaller consumption. The result of these efforts was to arrest the production of coal. In 1928 the same amount was mined in the world as in 1913, and, in the words of the Economic Committee, "though the economic activity of the world is beyond question substantially greater than it was fifteen years ago, its consumption of coal has only increased during the whole of that period by an amount approximately equal to that which before the war was to be expected in a single year."

That is the first point. Leaving the United States aside, as its export trade is normally confined almost entirely

to the Canadian market, the other coal-exporting countries, notably Great Britain, Germany and Poland, have been struggling to increase or to maintain their share of a diminished trade. In doing so they have resorted to every known device to reduce costs and prices, but none of these things has substantially affected the total demand for coal. Neither price fluctuations nor unforeseen disturbances, such as the Ruhr occupation or the British coal stoppage, have appreciably altered consumption. Even when prices have increased, production has not notably diminished, and even when prices have diminished, production has not notably increased. Although the productive capacity and efficiency of every coal-field have been greatly improved, the unresponsiveness of the world's demand has deprived the coal-owner and the miner of the benefits which these improvements might reasonably have been supposed to yield. In all the great coal countries there is a surplus capacity, which in ordinary years remains unused, but enables them to increase their output rapidly to meet any unexpected need, as did Great Britain in 1923 and Germany and the United States in 1926.

With the general demand practically constant, the exporting countries have naturally felt severely the effects of every extra ton which their foreign customers have been able to raise for themselves. France, Belgium, Holland and Spain have all added several millions to their annual output since the war. If the utilisation of coal had been keeping pace with the expansion of industry and population, this loss of custom would have been quickly compensated by new needs for coal in other directions, either at home or abroad. But with the market stagnant, it was bound to result in mines closing and miners being thrown out of work. In these circumstances it was natural and inevitable that every possible expedient should be tried by the exporting countries to gain some small competitive advantage over each other and thus to obtain or retain a slightly larger share of a constricted market. Government sub-

sidies, prohibitions, duties, bolstered railway rates, longer hours, lower wages—all these devices have been tested in vain. The Economic Committee, after weighing their aggregate effects, coldly concludes that " taken as a whole, local and national measures have in some important respects aggravated the fundamental difficulty. They have done nothing to control world supply and, since the demand for coal is remarkably unresilient, little to stimulate consumption." The effect of most of them has therefore been " to shift the incidence, while on balance increasing the extent, of the depression in the coal industry as a whole."

The deduction which follows from this uncompromising verdict is that none of the countries concerned can hope to work out its own salvation. All the experts consulted agreed that there were international elements in the situation which debarred any purely national solution. As long as the business foundations of the industry remain fluid and precarious, there is no basis upon which even a limited well-being can be built up for the producers whose mines are still potentially remunerative or for the miners who have escaped dismissal in the process of shrinkage. The threat of prices being further undercut, either with the aid of a new subsidy of some kind or on the strength of still longer hours or still lower wages, makes any stability impossible. Only through international agreement does there seem a prospect of finding solid ground on which to reconstruct the damaged fortunes of the coal industry.

The British Government's proposals, which were adopted by the Assembly, suggested that agreement should be sought along two lines. In the first place, the International Labour Organisation was requested to convene a special conference of the coal-producing countries in Europe, at which not only the Governments but also the coal-owners and the miners would be represented, to explore the possibility of reaching a common understanding as to hours, wages and conditions of employment in mines. Secondly, the Economic Organisation of the League was called upon

to consider the expediency of convening a further Conference of Governments to consider the fluctuation of prices and the discrepancy between production and consumption. The first of these meetings has been fixed for January 6, 1930, while the second may be expected to take place later in the year, if there seems to be a reasonable prospect of some positive action resulting from it. Both of them will encounter problems of great complexity and of great importance not only to the mining communities, but also to the economic balance of the nations to which they belong. A brief estimate of their prospects in the light of existing circumstances is therefore of some interest.

III. Suggested International Action

ONE of the causes most frequently alleged for the decline of the British coal trade was the superiority of its conditions of employment to those in other countries. The psychological effect of differences in hours and wages in competing countries is certainly considerable, often out of all proportion to their real economic importance. It was contended in 1926 that the low output of the British miner was primarily due to the shorter working day. An hour was added and the average output per man has since risen from 18 cwt. to 21·79 cwt. for each shift. At first sight this seems to afford a complete justification of the mine-owners' thesis. Yet in the Ruhr, where there has been no increase in hours, output per man has risen by 50 per cent. more than in Great Britain—from 18½ cwt. in 1925 to 24½ in 1929. This result is ascribed to "rationalisation," that is to say, better methods, better equipment, better management. Since great improvements have certainly been made in these respects in many British collieries also during the last four years, the increased production of the British miner must be partly assigned to the same causes that have been operating in Germany.

Suggested International Action

If this be so, then the beneficial effects of longer hours on production have apparently been greatly exaggerated. If we suppose half the increase to be due to the introduction of coal-cutting machinery and the other improvements in plant and organisation, which have undoubtedly been adopted, then the result of the extra hour's work would only have been to raise output by about 2 cwt. per shift. This is a small figure compared with the 6 cwt. per shift which the Westphalian mines have added by re-equipment and re-organisation alone. It suggests that more can be done to multiply production by the brains of the management than by prolonging the toil of the workman. Nor can the incentive of higher earnings be left out of account. Whereas the average pay of the British miner has dropped from 10s. 8d. to 9s. 2d. since 1924, that of the Westphalian miner has risen in the same period from 6s. 3d. to 9s. To require longer work for less money is seldom the best method of securing the maximum of efficiency.

To equalise hours of labour in Europe should not be a task of great difficulty. At the present time all the European coal-fields have a statutory eight hour day in some shape or form. There are no doubt some differences in the actual amount of time spent underground according to the method of calculating the beginning and end of the shift. Thus, in Great Britain, where only one winding time is included in the working period, the actual time spent below the surface is longer than in the Ruhr, or in France, where the eight hours is calculated strictly " from bank to bank." In Poland again, the working day is 8½ hours, but in this period is calculated a break of thirty minutes, during which no work is done. To reach an absolutely uniform standard will therefore require some little adjustment of existing practices, or else the establishment of equivalent methods of calculation which will give approximately the same number of hours underground. Seeing, however, that the difference between the longest and shortest average working period probably does not exceed half an hour, it should

not be impossible to arrive at an agreement which will set a standard daily and weekly working period throughout Europe.

Such an agreement will probably have the effect of reducing average working hours in some districts in this country by from fifteen to thirty minutes. But it can hardly be supposed that British management and British miners, with their long experience, are incapable of attaining as good results in the same time as those secured abroad. The curtailment of the working day may indeed stimulate the management further to revise and modernise its methods and stimulate the men to increase their rate of production during the shorter working spell, seeing that in most cases their earnings depend on their output. Moreover, the removal of the present feeling that in many pits the hours are unduly long, which generates a sense of grievance and discontent, is likely to be more beneficial than detrimental to production. An international agreement fixing the working day in mines is a first and feasible step towards putting the industry in Europe upon a rational and stable basis. It will eliminate the temptation to increase hours in order to steal a march in the competitive race. It may even be found possible to carry out a general reduction, either now or at a later stage, which would establish a general $7\frac{1}{2}$ or $7\frac{3}{4}$ hour shift in every European coalfield. Such a reduction might have the effect of somewhat raising prices and thus of enabling better wages to be paid, or alternatively might lead to more men being employed. But the primary and immediate value of international standardisation would be to protect the miner from the danger of his hours of work being constantly threatened with prolongation owing to unrestricted competitive conditions.

To find a common standard in respect of wages is a much harder matter. Even in Great Britain there is no uniformity. Although the cost of living and the habits of the miner in the different coal areas may be regarded as iden-

tical within fairly narrow limits, there are considerable variations in the rates paid from district to district. These variations are mainly due to differences in the conditions affecting production—the thickness of the seams, the depth of the pits, the distance of the coal-face from the shafts and other local circumstances which influence the facility of coal-getting. One of the crucial points in the 1926 controversy, which is again in the forefront now, was the question whether wages should be regulated by national or by district agreement. If there is no national agreement in Great Britain, it is evident that international regulation must be exceedingly difficult. A further illustration of the difficulty may be seen in the marked discrepancies found between the wages of the German coal-fields. In the Westphalian, Saxon and Silesian districts the average earnings in 1927 for all workers per shift were 8·43, 7·32 and 6·25 marks respectively. Such variations, due to differences in the technical conditions within the same country, must naturally be intensified in any attempt to reach international comparisons into which variations of the standards of living must also enter. So many factors affect wage determination and so many methods are in operation for fixing rates that any close or uniform reckoning is almost impossible. From the worker's point of view what matters is not the amount of money which he receives, but the purchasing power which it represents. The same number of pounds would imply an appreciably different standard of living, if paid in England, France or Germany. From the employer's point of view what matters is not so much the amount of gold which he has to pay out at the end of the week as that amount in relation to the production he has obtained for it. Mere comparison of the gold value of wages is therefore of little real significance, though it is on such comparisons that statements as to the wage-rates being higher or lower in one country than another are usually based. In order to get any economic comparison worth having it is necessary to correlate wages with output,

which will give strikingly different results, as may be seen from the following table :—

	Index of average annual earnings of all workers 1927.	Index of average gold wages per ton of commercially disposable coal in 1927.
Great Britain	100	100
Germany, Ruhr	89	72
„ Upper Silesia ..	68	44
France	62	100
Belgium	56	104
Poland	42	35

From these figures it will be seen that although the French or Belgian miner earns considerably less in gold than the British miner, it costs the French and Belgian coal-owner the same amount in wages to raise a ton of coal as it does in Great Britain. A second point worth noting is that although wages in the Ruhr were nearly on the British level two years ago and are probably equal to it to-day, yet the wages-cost per ton in Westphalia is nearly 30 per cent. lower than with us. Finally, there is the case of Poland, where money wages are very low and the wages-cost lower still. From this it might be inferred that Polish coal was so cheap that it would flood Europe, but its outlet is hampered by various obstacles, of which the principal is a long and expensive railway haul before it can reach most of its best markets. In fact, without extensive subsidies it is doubtful whether it would have maintained its place in international competition at all.

These various cases suggest some of the difficulties of any international regulation of wages. In fact, wages are only one element in the cost of production. Would it be reasonable to suggest that the Belgian coal-owner should double his wages in order to equalise them with the British standard, when by doing so he would make his wages-cost double that of the British mines ? On the other hand,

would the German coal-owner, who is already paying nearly the British wage, agree to increase it 20 per cent. above the British standard in order to offset the advantage he has gained by economies effected in other directions? Or, finally, would the Polish miner agree to sacrifice his livelihood altogether in the cause of European uniformity?

These considerations do not suggest that there is no case for dealing with wages internationally, but that the task is exceedingly complex. Any absolute uniformity is clearly out of the question, but it might be possible to arrive at some understanding which would either ensure that the miner is not paid less than other classes of skilled or unskilled labour as the case may be in his own country, or that the present relative position as between the countries concerned should be maintained so as to prevent further wage-cutting as a weapon in international competition. To arrive at a satisfactory method of securing either of these ends will require prolonged discussion and a far more complete analysis of the wages actually paid and the processes by which rates are fixed in the different competing countries than is at present available. The attempt to discover such a method is well worth making as a second step towards regularising the international position, but in the meanwhile it may be observed that the discrepancies between the wages-costs per ton in the principal coal areas, *i.e.*, Great Britain, the Ruhr, France and Belgium, are far smaller than is commonly supposed, a point of some importance in connection with the standardisation of the working day.

The standardisation of hours and a review of the wages position in order to consider the possible means of preventing unfair undercutting will be the main tasks of the conference which will meet under the auspices of the International Labour Office in January. Apart from any positive results which it may achieve, the meeting of the Ministers or officials concerned with mines with the representatives of the coal-owners and the miners is almost

bound to be good in itself. All international meetings of this kind serve an invaluable purpose in establishing contact, in removing the misunderstandings which are bred by distance, and in thus paving the way for future communication and negotiation on friendly terms. But this gathering was designed by the Assembly to be the preliminary of a further meeting called by the Economic Organisation to consider the question of output and prices. Any agreement on these delicate and complex questions can only be between the producers themselves. It is unlikely that the League either could or would assume the responsibility for decisions which must affect not only the producing countries, but the consuming countries as well. The latter, as might be expected, expressed some apprehension at the prospect of competition being eliminated by agreement among the producers, thus enabling them to raise prices at will and to hold the consumers at their mercy. No one would pretend that such fears are wholly chimerical. They simply reproduce in the international sphere the misgivings which consumers always experience in the face of a trustified industry. In Germany, where the fixing of coal prices is in the hands of a single body, the Government took powers to exercise control in the interest of the consumer. In this country there will pretty certainly be a strong demand for similar measures, if the scheme for a central marketing board is legalised. It is therefore not at all unlikely that the League might be required to set up some form of supervision, if an organisation were created for regulating the production and sale of coal throughout Europe and showed signs of abusing its powers. But such an organisation does not yet exist and can only be brought into existence by agreement between central bodies controlling output in the various countries, in several of which such bodies have still to be formed. The question of international control is therefore for the moment rather premature, and it has always to be remembered that, whether it is ultimately called into being or not, an automatic check

on excessive prices will always exist in the shape of potential American competition. If they were forced up too high, a point would come at which it would pay to export American coal to Europe. American production is practically unlimited. At the present moment the majority of pits in the United States are working chronic short time, so that their output could be easily and quickly expanded, if necessary. This fact in itself must considerably mitigate the danger of Europe being held to ransom by a coal trust, even if the producers believed that it was in their interest to take such a course, which is improbable. This particular bogey may be safely dismissed for the present, and the advantages and difficulties of completely rationalising the European coal industry by co-ordinating it under a common policy may be examined.

That a European coal combine is in theory practicable is hardly doubtful. The examples of the steel cartel and of other international combinations have proved that such arrangements are perfectly feasible where the indispensable conditions exist. The first of these conditions is the existence of a central administrative authority in each participating country. Considerable progress has been made recently in this direction both in Great Britain and Belgium, while in France, Germany and Poland the necessary organisation practically exists. The second condition is the general conviction among all the parties interested that they have more to gain by co-operation than by competition. This conviction is not easily engendered. It can only be the result of a long period of depression which leaves no other alternative untried. Each country naturally fears that it may get a smaller production quota than it is entitled to, and in this country, whose exports have fallen from their peak of 95 million tons in 1913 to something under 70 million in recent years, the hope of recovering some of these lost millions dies hard. It may even have been revived by the recovery which has been perceptible this year. Our monthly average output

has shown a distinct improvement and the annual total will probably exceed that of any year since 1924. There has been a corresponding increase in our exports which make a much better showing than in 1928. It would be a mistake, however, to interpret these welcome signs of improvement as meaning that the end of the wood is in sight and that we are on the point of regaining our pre-war position. A similar rise in output is noticeable in Germany, France and Poland also. There seems, in fact, to be evidence of a general, though modest, quickening of demand, but nothing to suggest that we are recovering foreign markets in Europe, at the expense of our competitors, to an extent which might reasonably furnish a valid argument against any international arrangement. Moreover, it does not follow that under such an arrangement quotas would necessarily be fixed upon the figures of existing production. Account would have to be taken of all the factors of the situation, both actual and potential, and sufficient elasticity allowed to meet any new circumstances that might arise.

All this will not be easy, but it is not impossible. It has been done in other industries not less complicated than coal. No agreement could be reached unless all parties were satisfied that their just claims were met, and no agreement could continue if it was found to be operating unfairly. It is quite likely that the time is still not ripe for any general European understanding. It may come about by a first *modus vivendi* among two or three countries gradually extended to cover the whole field. There can be little doubt, however, that such an arrangement would contribute very substantially to regularise the coal trade. Not only would it eliminate the waste which fierce competition always involves, but it would remove the depressing weight of uncertainty which benumbs all business initiative. At present the commercial position is liable to be artificially distorted at any moment, not only by fresh movements in prices inspired by some veiled form of subsidy, but also by direct interference in the shape of new prohi-

bitions or protective measures. If Mr. Graham's proposal for a tariff truce is generally accepted, it will at least prevent the aggravation of the evil. But it may be doubted whether these disturbing influences can be altogether eliminated as long as there is no agreement among producers. As long as the present uncertainty prevails, development and future planning on a large scale are severely checked, while the constant threat to their wages keeps the miners in a state of chronic anxiety and unrest. The first requisite for good trade is confidence, and if confidence could be restored both to owners and men, it would entirely alter the unhealthy atmosphere in which the industry has lived ever since the war.

No doubt much still remains to be done in the way of internal reform. Greater efficiency of management—not least in establishing closer co-operation with the men themselves, which is management's most important function—the development of new uses for coal, the utilisation of the best and latest methods and machinery are all needed to restore the industry to its proper footing. But unless its economic foundations can be rendered stable and secure, the full fruits of domestic reorganisation cannot be reaped. Economic stabilisation cannot be effected by purely national measures, because it depends on international conditions which no single nation can control. It is for that reason that attention is now being turned to the international aspects of the coal problem as an essential preliminary to recovering a moderate prosperity. If the League machinery can assist to bring it about, it will have furnished a fresh and striking proof of its indispensability to the modern economic world.

GREAT BRITAIN : LABOUR'S FIRST SIX MONTHS

I. Foreign Affairs

IT cannot be said that the political situation has developed in any marked degree during the parliamentary recess. Those features which we recognised in September as mainly favourable to the Government have remained advantageous ; the troubles which we foresaw have not yet reached the critical point. Although the scene is now set, and the curtain has been rung up, we are still (at the time of writing) at the beginning of the first act. The opening lines of the play inform us of the general scope of the plot, but there is nothing yet to guide us as to the way in which it will actually be worked out.

The most important aspect of the Government's work may certainly be found in the new direction which it has given to our foreign policy. This, the weakest point in the late Government's record, looks like being the strongest claim which its successor will be able to advance. And in spite of a certain ironical contrast between Mr. Snowden's Palmerstonian truculence and Mr. MacDonald's almost Quakerish meekness, there is little doubt that the nation generally has applauded both attitudes. The Chancellor of the Exchequer maintained a policy at the Hague which showed a profound knowledge of the English character. He realised that, in spite of the internationalist moods of recent years, there remains in the national mind

a deep resentment at the idea that we should always be called upon to make sacrifices and to carry burdens altogether out of proportion either to our own capacity or to the contributions of other countries. The actual financial gain at the Hague was trifling; the diplomatic victory was spectacular. Although perhaps many well-informed and serious students of international affairs may have wondered whether the policy was altogether wise or would in the long run prove fruitful, yet there can be no doubt that Mr. Snowden's stand found ardent admirers in every class of society and has considerably strengthened both his party's position and his own reputation as a national statesman.

Meanwhile, the Prime Minister's successful negotiation with the American Ambassador, followed by his visit to the American President, has deeply stirred public opinion and made a vivid appeal to the popular imagination. The actual achievements, in terms of a definite agreement on naval questions, may indeed be meagre. But the pyschological success has been complete. There can be no doubt that the public generally has welcomed the prospect of an Anglo-American entente, framed, not for the purpose of opposing some other combination or of imposing its will upon other nations, but for the genuine and exalted purpose of taking a lead in the cause of naval limitation and disarmament and international peace. The acid test of success or failure will naturally be found in the five Power Conference to which President Hoover and Mr. MacDonald have already issued invitations.* Nevertheless, even if the worst were to occur and French or Italian opinion be found unwilling to come into an agreement, it is an important advance for Great Britain and the United States to have put behind them, for good and all, the atmosphere of suspicion which surrounded the unfortunate Geneva Conference. This fiasco was widely resented in both coun-

* See the first article of this issue for a discussion of the problems before the Conference.

tries, and indubitably was a source of weakness and unpopularity to the late Government. The new Prime Minister can justly claim that he has dissipated the fog of distrust and misunderstanding. He has attempted an alteration in the national standpoint of both countries to these and associated problems; in this he has been largely successful and his personal success has reflected favourably upon the prestige of the party of which he is leader, and of the administration of which he is the head.

But reparations and naval disarmament have not been allowed wholly to dominate the realm of foreign affairs. While a great part of the public's attention has naturally been fastened upon these two questions, largely because of the interest aroused by the two chief personalities involved, the Foreign Secretary himself, Mr. Arthur Henderson, has not been idle. Mr. Snowden has been the more photographed and interviewed; Mr. MacDonald and his daughter have had to bear the floodlight of modern journalistic methods. In each case there has also been the suspicion that part of this extraordinary blaze of notoriety has been studiously sought and carefully nurtured. The "propaganda" department of the Labour party, always industrious and able, has surpassed itself during recent months. Every detail concerning the private lives and habits of the two statesmen has been made available to the public, and we have had a veritable feast of that peculiar kind of intimate vulgarity which so delights (or is supposed to delight) readers of the popular press. The "rapprochement" with America may perhaps be responsible for the development of these methods, believed to be the particular forte of American journalism, which were so distasteful to old-fashioned statesmen, but must now be regarded as an essential accompaniment of modern democracy. At any rate, while the Prime Minister and the Chancellor of the Exchequer have held the centre of the stage, the Foreign Secretary has also been entrusted with a vastly important, if less spectacular, role.

Foreign Affairs

One of the chief problems which remained for a new Government to resolve was that of our attitude to Russia. The rupture of official relations, brought about by Mr. Baldwin's administration, was probably inevitable. At all events, it was in response to a feeling widely held in the Conservative party, which a Conservative Government could not afford to ignore. But the political world was certainly surprised at the extremely reserved, and even unfriendly, attitude which Mr. Henderson adopted towards this question in July. In that month he laid down certain conditions which, it appeared to him, must be fulfilled before the resumption of "full diplomatic relations" could be acceptable to the British Government. These conditions, it was generally understood by those who studied carefully the Foreign Secretary's statement, included not only a guarantee against the renewal of Communist propaganda in Great Britain and throughout the Empire, but also a recognition of the necessity of dealing with the question of the debt. This position was well received by the country as a whole, if not altogether popular with the left wing of the Labour party itself. On the first of October, however, after a somewhat mysterious meeting between Mr. Henderson and Mr. Dovgalevsky at a Sussex inn, an official announcement was issued by the Foreign Office, couched in rather cryptic language, from which it would appear that the British attitude has changed in certain respects. Negotiations on the outstanding questions between the two Governments—the attitude of both Governments to the treaties of 1924, the commercial treaty and allied questions, claims and counter-claims (inter-governmental and private), debts and certain other points—is to take place "on" (that is to say, "after") the resumption of full diplomatic relations. It is true that the first act of the new ambassador will be to "confirm the pledge with regard to propaganda contained in Article 16 of the treaty signed on August 8, 1924." But it cannot be argued that this wholly disposes of the question, or that

the objections which led Mr. Henderson to break off negotiations with the Soviet Government in July have been met in October. If these objections were well founded, it may be asked, with some reason, why they should no longer have validity. And it will not be easy for Mr. Henderson to dispel the general belief that he has conceded a point which he could not gain, that the Labour Government had all along intended to recognise the Russian Government, and that the knowledge which the Russians had of this intention has enabled them to win a diplomatic victory, which may be injurious to British prestige in Eastern Europe, in India, and throughout Asia.

Nevertheless, it is clear that the House of Commons was unwilling to provoke a crisis on this single issue. The Liberal party took the view that the "recognition" of the Russian Government is an essential preliminary to better relations in the future, and that no question of mere procedure should be allowed to delay a step long regarded as inevitable. The value of any Russian guarantee on the subject of propaganda, whether given before or after the exchange of ambassadors, is in any case doubtful. Nor does it seem an unreasonable attitude that, if the complicated questions surrounding private and national debts are to be successfully dealt with, such a negotiation can hardly take place between two Governments which are not in official diplomatic relations with one another. Naturally, the Conservative party had to raise the issue and attempt to censure Mr. Henderson's action. But even in the Conservative ranks there are many who believe that diplomatic relations should not have been broken off, and ought to be resumed. English opinion has always cared more for the substance than for the shadow. It has always looked to the end rather than to the means. And it was therefore not unnatural that while Mr. Henderson was widely blamed for the actual technique of his diplomacy, which has undoubtedly been weak and hesitating, the Government as a whole had no serious difficulty

in obtaining sufficient parliamentary support to maintain their position on this question. Even the most active of their Conservative critics could not hope to rouse another storm of public indignation on the Russian issue. The same cock could not be made to fight again, and shrewd electioneers preferred to find another subject for the next battle. While, therefore, the Government has lost in prestige over their handling of the Russian question, they have avoided any crisis upon it.

Another subject of which more will doubtless be heard during the course of this session is the Egyptian treaty. Although the Government emerged very successfully from the debate in the summer arising out of Lord Lloyd's dismissal, or virtual dismissal, from the post of High Commissioner, this parliamentary success may largely be attributed to the mistakes of the Opposition. The debate, highly satisfactory to the Foreign Secretary, can hardly have been so to the Conservative party. The case against the Government was mishandled and mismanaged. Nor was the suspicion absent that an undue amount of party bias had been imported into the consideration of a problem which no moderate person would care to see dealt with on party lines. At the same time, the difficulties of the Foreign Office are by no means wholly overcome. There is uncertainty as to the attitude of the Wafd—the Egyptian Nationalist party—which will undoubtedly obtain a majority in the elections for the new Egyptian Parliament, towards the treaty, already thought too generous by much instructed English opinion. It is quite likely that they will attempt to exact even more favourable terms. Should the treaty collapse, the situation will indeed be difficult and even ludicrous. The diplomacy of the Labour Government will then merely have succeeded in destroying an Egyptian administration which had been governing the country with adequate efficiency during recent years, without obtaining a final solution of the Anglo-Egyptian

problem. If, on the other hand, the treaty is approved by Egypt, it is by no means certain that it will, on examination, be equally well received at home. Without digressing into the details of this difficult and delicate matter, it is enough to say that it can only be, at the present time, an additional source of anxiety to the Government.

Altogether, therefore, while the administration has gained enormously in credit by its general foreign policy, there are still dangers to be surmounted. Meanwhile, Mr. MacDonald's striking success in America and Mr. Snowden's not less remarkable success at the Hague have raised the whole prestige of the Labour movement, and have demonstrated to the electorate and to the world that a Socialist Government is capable of handling the important questions of foreign affairs with audacity and adroitness, in a manner not unworthy of the best traditions of British statesmanship.

II. India

MEANWHILE, at the beginning of a parliamentary session already pregnant with every kind of possible excitement, a storm arose not expected by any except the most-informed observers. The action of the Viceroy in making an important announcement to the people of India regarding the future development of self-government would not in itself account for the degree of bitterness and emotion excited by this affair. In 1917 a formal declaration by the British Government stated that the policy of His Majesty's Government was "the gradual development of self-governing institutions with a view to the progressive realisation of responsible government in India as an integral part of the British Empire." There has since been a controversy as to whether this meant "Dominion status." In one sense it clearly does. But only as the ultimate goal of India's progress. There was nothing in Lord Irwin's restatement

of this policy which in itself appeared likely to call for adverse criticism. The danger sprang from the fact that the statement embodied in Lord Irwin's text to the effect that the "natural issue of India's constitutional progress, as there contemplated, is the attainment of Dominion status," might be taken to mean that Dominion status was to be established in the near future, which no one who has any knowledge of the facts thinks possible. This interpretation has already been put upon it in India. But the Viceroy's statement caused commotion for another reason.

The Statutory Commission appointed during Lord Birkenhead's tenure of the India Office has for nearly two years been engaged upon its tremendous task. Sir John Simon, as chairman of the Commission, has not only deserved the thanks of all his fellow-countrymen for his disinterested devotion to the public welfare in accepting so difficult and so ungrateful a duty, but also proved himself a most courteous, efficient and resourceful statesman in his conduct of the Commission's activities, and has succeeded in largely soothing the wounded pride of those Indian politicians who resented its appointment and composition. Letters have been published in the press, exchanged between Sir John Simon and the Prime Minister, in which it has appeared that the scope of the Commission's enquiries is to be extended in order to include a review of the problems arising out of the relations between the Native States and British India. A plan was also outlined for the course which should be taken after the appearance of the Commission's report and before the consideration of any necessary legislation by a Joint Parliamentary Committee. This plan has the object of enlisting Indian co-operation in a form believed to be acceptable to all except the most extreme politicians in that country. So far no difficulty seemed likely to emerge, and British opinion appeared satisfied that this would be a proper and wise course. But the Viceroy's somewhat spectacular declaration has

disturbed and mystified opinion both at home and, it seems, in India. If the declaration contains nothing new in policy, what is the meaning that can be attached to its occasion? Is there a fear that what is regarded here as an ultimate goal will be thought of in India as an immediate step? How is the decision of the Viceroy and of the Government to be reconciled with a due regard for the importance of the Commission itself? Is the admission that the Commission refused to be associated with the declaration and is understood to resent it deeply, to be taken as a change of policy in fact although not in words?

These were the questions which agitated the press and led to full dress debates in both Houses of Parliament. Those debates may be thought to have opened a dignified and yet an unsatisfactory escape from a dangerous situation. They disposed of some of the wild and conflicting accounts which have been abroad of the attitude of individual statesmen regarding the whole matter. They made it clear that every party in the realm stands by the declaration of 1917 as to the ultimate political status of India. They enabled the Simon Commission to continue its work with a better prospect of being allowed to complete its report without further disturbance at home and of that report being given fair consideration in India. But the debates did not remove the impression that Mr. Wedgwood Benn and some of his colleagues in the Labour Government had acted with precipitancy and hold personal views as to the early practicability of autonomous government in India widely different from those of most informed observers. It will be surprising if the last has been heard of the episode.*

III. Home Affairs

INTERNAL politics are still dominated by the unemployment problem. As was indicated in our last number

* For later developments on this subject, see the note on p. 50.

this seems likely to be the final test by which the Labour administration will ultimately stand or fall. Mr. Thomas, in accepting the task which has been laid upon his shoulders, has undoubtedly shown great courage. Up to the present it is difficult to say that he has achieved much. There can be no doubt that the employment outlook is not wholly favourable and the steady increase in the total of unemployed, although usual at this season of the year, is disappointing to those who have been taught to believe in the miracle-working powers of a Labour Government.

The Lord Privy Seal's statement to the House on the progress already made and the remedies proposed disappointed all parties, not least his own. There was no trace either of a new idea or of the application of a bold imagination to an old one. Development schemes, unemployment schemes, work schemes, trade facilities—in ten years we seem to have worked through the whole weary round. It is true that rigid economy and drastic reduction of public expenditure have not yet been tried. But this unpopular remedy is not likely to be adopted by any party, least of all the Socialists.

On the contrary, the pressure for increased expenditure of every sort continues to grow. The extension of the Conservative widows, orphans and old age pensions scheme is expected to cost an additional £5,000,000 in the first year, with an increase of £1,000,000 a year hereafter for the next ten years. The pressure to relax the conditions under which unemployment benefit can be drawn by those out of work is steadily developing, and it is not thought that Miss Bondfield, the Minister of Labour, will be able to hold out indefinitely. Moreover, demands are being made for a higher rate of benefit to be granted. Any concessions in these directions will probably have the effect of increasing the number of unemployed by tempting into State supported idleness that class of person who is only driven to work by the hardships of unemployment. They must also,

of course, result in an increase of expenditure, involving a further burden upon industry as a whole.

It seems probable therefore that Mr. Snowden's problem in balancing his budget will be a grave one, and there is some expectation that large increases in the rates of income tax or supertax or both will become his only means of escape.

The coal problem also grows every day more menacing. The Government has announced its immediate proposals on lines which had been foreseen. It will introduce legislation this session to provide for a reduction of working hours to 7½ from April next, the nationalization of mining royalties and the reorganization of marketing arrangements.

In favour of these schemes much may be urged. It can certainly be argued that all of them are beneficial and wise. The delegate Conference of the miners has decided by a majority to recommend them to the districts, while continuing the pressure for a further reduction in hours and for minimum wage legislation on national lines. But Mr. Smith, the President of the Miners' Federation, and the Yorkshire district which he represents, opposed the recommendation and withdrew from the Conference. They are already operating a 7½ hour day, and therefore Mr. Smith says, as one might have supposed, "thank you for nothing." Neither he nor any other miner has anything to gain in wages or comfort in the near future from the acquisition of mining royalties. The proposed selling agencies, which seem designed to support the export trade by levying a tax on the internal consumer of coal, must necessarily penalize districts like Yorkshire dependent on the home market. They may save the industry from the necessity of wage reductions to meet reduced hours but they can hardly be more popular with the mass of the public, who will be faced with an increase in prices, than they are with Mr. Smith. Moreover, it can plausibly be argued that what is called the "quota" system is uneconomic and reactionary. It tends to keep in being the

weaker collieries and to delay the true process of rationalization by amalgamation and elimination. It may delay, but cannot permanently avoid, the necessity for sterner methods.

The coalowners, as so often before, have succeeded in putting themselves in the wrong in the eyes of the public when their views on the facts are probably right. They refused an invitation to attend a joint conference with representatives of the Government and the miners on the ground that hours inevitably involve wages and that wages are a matter not for the Mining Association but for the District Associations.

The attitude of the miners remains to be seen. It is known that they are disappointed. But whether this disappointment will flare up into a desire for further conflict is doubtful. In any case, the Government has little to gain and much to lose. It can hardly gain more support than it already has in the mining districts. But it may easily raise against itself a storm of indignation from those vast masses who may be regarded, according to the political views of the observer, as its allies or its dupes. Nor can it hope, by anything it may do in this matter, to improve its position with the general public.*

Other questions crowd in upon a session which threatens to be all embracing in its activities. The repeal of the Trades Disputes Act, the problem of the slums, and a number of other matters all require to be dealt with. Whether the Government will come successfully through the ordeal cannot now be foreseen with certainty. The only sure fact is that, though each of the opposing parties may be willing to wound, their own internal difficulties will make them, for some little time to come, afraid to strike.

* On some wider aspects of the coal problem, see the article on p. 100 of this number on *International Aspects of the Coal Problem.*

IRELAND: EVENTS IN THE FREE STATE

I. Political

OUR politicians' holiday, which began when the Dail adjourned at the end of July, has now ended. Its termination has been preceded by the usual oratorical fireworks in the country. Mr. Cosgrave at Tullamore, and Mr. de Valera at Granard, have told us the result of their holiday meditations, and it must be said that neither was illuminating nor original. The payment of the land annuities to England,* on which the arguments for and against have now been repeated *ad nauseam*, is evidently still regarded as the most momentous question for discussion. It is certainly much easier to understand and respect the downright argument of Miss Mary MacSwiney on this matter than Mr. de Valera's hair-splitting attempt to justify the retention of these annuities on legal grounds. Miss MacSwiney's contention is that England having stolen the land from the people of Ireland and transferred it to her own henchmen is now responsible for the guarantees she gave to them that they should not personally suffer when the land was re-sold to its rightful owners. Any Irish citizen who pays tribute to the foreigner for his land is, in her view, guilty of a crime against the Irish people, and the debt due to the holders of Irish Land Stock is England's lawful debt, not ours.

But one suspects that the average intelligent citizen would prefer to hear something of the legislative proposals

* See The Round Table, No. 74, March 1929, p. 379, et seq.

which the Government intends to bring forward this session. It is understood that these will include many important measures. Foremost amongst them is a Milk and Dairies Bill to secure that our milk shall be clean and free from noxious bacteria. The Free State is notoriously behindhand in this respect, and the new Bill will provide for the proper testing, control, and grading of all milk sold to the public, as recommended by the commission which reported twelve months ago. Discussion will also be resumed on the Bill introduced shortly before the end of last session to regulate the export of dead meat. Another measure of importance will be the Town Tenants Bill which will deal with the rent control situation and the law of landlord and tenant in urban districts. It is understood that this Bill will follow to some extent the recommendations of the Town Tenants Commission, which reported last year,* and that it will be a very comprehensive measure. The Government has also reconstituted the Intoxicating Liquor Commission, on whose former report the important Licensing Act of 1927 was based,† to report on certain minor aspects of the liquor question, the most important of which is afternoon closing in the cities, and legislation to implement their report may be expected as soon as the report is presented. Legislation will be required to deal with that new menace to civilisation, the talkie film. We have already a very competent official film censor, Mr. Montgomery, who has managed to discharge his unpleasant task without losing his temper or his common sense, but the Act gives him no power to deal with the latest manifestations of Hollywood's nasal culture, and a small departmental committee, which includes the film censor, has been set up to report on the matter. Effect must also be given to the recent agreement with Great Britain following the

* See THE ROUND TABLE, No. 66, March 1927, p. 347 and No. 72, September 1928, p. 824.

† See THE ROUND TABLE, No. 60, September 1925, p. 757, et seq., and No. 67, June 1927, pp. 583, 584.

litigation in the Wigg-Cochrane case as to the basis of calculation of pensions for civil servants who retired consequent on the Treaty. Local government legislation will comprise a Bill to provide for the city government of Dublin, which is to follow the Cork City Management Act,* and a Bill to provide for better traffic regulation and control of motor vehicles.

All these domestic questions are, however, overshadowed by the important decisions which the Government has taken, and is about to take, in regard to external affairs. The most important of these is of course the action of Mr. McGilligan, the Free State Minister for External Affairs, in signing at Geneva without reservations the Optional Clause in relation to the submission of justiciable disputes to the Permanent Court of International Justice, which Great Britain and the other Dominions signed with reservations as to domestic disputes. A great deal of nonsense has been written both in the Irish and English press with reference to this matter. It has been alleged that Mr. McGilligan acted without informing the other Dominion representatives, and that his conduct caused considerable surprise, but the truth is that he fully informed his confrères of the step he intended to take, and that no intelligent observer of the Free State's past policy would have expected him to take any other attitude. This attitude is conditioned by the Government's objection to the Privy Council as a Court of Imperial Appeal, and by their desire to assert at every opportunity the absolute equality of the Free State with the other Governments of the British Commonwealth and its freedom to deal with all questions internal and external as its Government thinks best. It would be idle to deny that this policy is not partially inspired by a desire to go one better than Mr. de Valera, but it would be equally foolish to associate it with any design to achieve complete separation. The Free State Government envisages the British Commonwealth as an alliance of equal nations, not

* See THE ROUND TABLE, No. 73, December 1928, p. 157.

as a colonial federation, and if its policy is to be understood this vital distinction must be borne in mind. Mr. McGilligan's lucid speech at the Assembly of the League made it clear that his Government will work for any policy which it believes makes for world peace. He complained of the delay in the discussions on disarmament and pointed out that although during the last ten years there has been a considerable increase in general security, due to the work of the League and to forces outside the League, there has been no corresponding decrease in the implements of war. The Free State at all events had reduced its expenditure on arms from £2,800,000 to less than £1,500,000 per annum. As regards the economic policy of the League both he and Professor O'Sullivan, our Minister of Education, who was the other Free State delegate, made it clear that the Free State Government would not favour any policy which prevented it from protecting such industries as it thought capable of successful development, and that young undeveloped countries could not be forced to adopt a policy of free trade which might suit their older and more highly industrialised neighbours. It is clear that the Free State is not likely to look with much favour on M. Briand's project for a United States of Europe, unless such a confederation recognised the economic necessities of the smaller nations. Since his return to Dublin Mr. McGilligan has announced that next year the Free State is going to put forward a claim for the seat on the Council of the League of Nations to be vacated by Canada. It is understood that one of the other aspirants will be Australia, and, whether the Free State succeeds or not, such healthy rivalry for international honours is all to the good and will help to create an Irish interest in international affairs. The fact that Irish statesmen are at last taking a decisive and a wise part at Geneva will do much to stimulate and develop amongst us a well-informed public opinion on such questions, which has so far been conspicuous by its absence. Our struggle with England

has hitherto so filled our minds that we had almost forgotten the existence of Europe. That blend of the idealist and realist which is characteristic of Irish politicians may now prove a valuable contribution to world politics from a nation which is both European and detached.

Mr. McGilligan, with Mr. Costello, the Attorney-General, Mr. Joseph Walshe, Secretary of the Department of External Affairs, and Mr. D. O'Hegarty, Secretary of the Executive Council, is representing the Free State at the Imperial Conference Expert Committee now meeting in London. The principal matters in which the Free State is interested are the abolition of appeals to the Privy Council, the abolition of the Colonial Laws Validity Act and the Colonial Stock Act, and the revision of the Merchant Shipping Acts in so far as they affect the Dominions. They will also probably contend that the decision of the last Imperial Conference concerning co-equality carried with it the abolition of the reservation regarding the King's assent to Acts passed by the Dominion Parliaments. The Free State Government holds that the appeal to the Privy Council, in its present form a predominantly English tribunal, is also inconsistent with co-equality. It is very doubtful whether it would even consent to the establishment of another appeal tribunal on which all the States of the Commonwealth would have equal representation. Arising out of the recent case of the Performing Rights Society versus the Bray Urban District Council, the Oireachtas has passed an Act which, whilst it declares the law of copyright in the Free State to be that for which the Performing Rights Society are contending in their appeal to the Privy Council, at the same time debars them from enforcing any remedy or relief by way of damages, injunction, or costs for the infringement of which they complain. It certainly does not seem to be logical or right to retain, in theory at all events, the right of appeal to the Privy Council and at the same time to paralyse its operation by legislation directed against anyone who seeks to exercise

it. It would be far more satisfactory and honest for the Free State Government to work for the abolition of the right of appeal.

The Government, giving expression to public opinion in the Free State, objects to the Colonial Stock Act on two grounds. The Act was passed in 1900 and its very name suggests an order of ideas which not only the Free State but the whole Empire has out-lived. Apart from this, the Act binds any "Colonial" Government which wishes to make an issue on the London market ranking as a trustee security

> to place on record a formal expression of their opinion that any Colonial legislation which appears to the Imperial Government to alter any of the provisions affecting the stock, to the injury of the stock-holder, or to involve a departure from the original contract in regard to the stock, would properly be disallowed.

The Free State cannot in this indirect form recognise the right of the Imperial Government to disallow Free State legislation—a right to the continuance of which it is, in principle, fundamentally opposed.

We need not for the moment discuss whether the Government or the people of the Free State are prepared for what might in England be regarded as the logical consequence of their objection to the Colonial Stock Act, namely, the abandonment of any claim that their loans should be regarded as trustee securities in Great Britain. All that matters for the moment is that the Free State Government wishes to raise a further loan of at least £5,000,000 and that owing to financial conditions this is impossible in America on reasonable terms, and it is impossible on political grounds in London, so long as the Colonial Stock Act remains in force. If this difficulty cannot be removed the Government will have to obtain short term advances from the banks, or endeavour to raise another internal loan. Much might be said for the latter course, as the more shareholders the Free State has within its own borders

the greater will be its political stability. The amount of Free State money invested abroad is at least £200,000,000, and there is no reason save lack of confidence why much of this money should not return to Ireland. We are one of the most conservative peoples, our fiscal policy is sound, our currency stable and our national debt, both absolutely and relatively, amongst the smallest in the world. A third of our national debt is counterbalanced by invested capital assets which are, or will be, revenue producing, while the whole enjoys an exceptionally strong sinking fund. There is no doubt that the credit of the Irish Free State ranks high amongst that of Government borrowers in the New York market. All of which shows that if the London money market is not opened to the Free State it can eventually satisfy its requirements elsewhere or at home. It is, however, unlikely that any new loan will be issued whilst the bank rate remains as at present.

Another matter which Mr. McGilligan may discuss with the English Government is the quarrel that has recently arisen between Free State fishermen and the bailiffs of the Foyle and Bann Fishery Company, a Northern Ireland corporation, concerning fishing rights in Lough Foyle. Acts of violence have occurred on both sides. The High Court of Northern Ireland granted an interlocutory injunction against the Free State fishermen, but Lord Craigavon's Government has apparently wisely decided that the matter is one entirely for the Imperial Government. Meanwhile, the extreme element on this side of the Boyne gleefully claims that the Free State under the Treaty has complete jurisdiction over the territorial waters of Northern Ireland, and the Lough Foyle fishermen who, strange to say, are principally ex-servicemen, believe they have been let down by the Free State Government. Having regard to the nature of our northern border it is almost miraculous that incidents of this kind have not been more frequent.

The Government, no doubt encouraged by the success

of Mr. Cosgrave's mission last year, has sent Mr. Desmond Fitzgerald, the Minister for Defence, to the United States for the purpose of explaining the present position and future prospects of the Free State. The choice is an excellent one, for Mr. Fitzgerald, who was formerly Minister for External Affairs, is a ready and witty speaker with a courageous and well-cultivated mind, and he should prove an excellent commercial traveller for the Free State. He is accompanied by General Sean MacEoin, T.D., and Dr. O'Higgins, T.D., brother of Kevin O'Higgins, who are prominent members of the Government party. There is no doubt that the prestige of the Fianna Fail party in America is largely due to the fact that Mr. de Valera's visit to America in the days before the Treaty, when he was taken at his own valuation as President of the Irish Republic, has given him a unique position in the eyes of Irish America. It may even be said that he owes his present position as leader of the Fianna Fail party to the fact that it is only through him that American dollars are likely to find their way into the party funds. Certainly as a party leader his retention could hardly be justified on any other grounds, for both in attack and defence his tactics have been comparatively futile. Mr. Cosgrave was indeed quite justified when he stated recently that he had to reckon with much more acute criticism when Labour was the official Opposition.

Our Labour party now recognises that it can never obtain an independent political majority in a country where the large mass of the people are landowners or small traders, but it can still do much to implement the more reasonable side of its policy through the balance of power which it is often likely to hold between the other parties. The recent presidential address of Mr. Duffy at the Congress of the Irish Labour party in Limerick indicates that its leaders see the necessity for a realistic policy of this kind, embracing improved technical education, the rationalisation of industry, town and port planning, the creation

of an economic council and the development of industrial insurance under a State scheme. These projects show that Labour at all events has grasped the sound sense of the statement made by Mr. Hogan, the Minister for Agriculture, in a recent speech that " the republic, the Free State, the monarchy, the King and the Governor-General were of no importance as compared to what happened to our citizens in their daily lives." Fianna Fail is uncomfortably aware of this tendency and, judging by the attacks its leaders have recently made on Labour, it realises that no help can be expected from that quarter. Moreover, the practical proposals of the Labour party may well prove more attractive to the average voter than what Senator O'Farrell has aptly described as the " toothless jingoism " of Mr. de Valera's party. It is clear also that, whilst Labour is more than ever willing to co-operate with the Government in schemes for the advancement of the country and the social betterment of the people, it has no sympathy with those coercive methods which have been employed in such matters as compulsory Irish. The Labour party at all events does not seem to have forgotten the teaching of Thomas Davis that " conciliation of all sects, classes and parties who oppose us or who still hesitate is essential to moral force."

II. Economic and General

THE fourth volume of the 1926 census, which deals with housing conditions in the Free State, may well cause us to examine our civic conscience, for it discloses a shocking state of affairs. In other countries families which have more than two persons living in one room are regarded as living in overcrowded conditions. If this basis be accepted, the statistics now published show that in 1926 no fewer than 781,000 persons in the Free State were

living in overcrowded conditions. Incredible as it may seem, as many as 2,761 families, numbering nine persons in every family, resided during that period in two-room dwellings. Although housing conditions in the Free State during 1926 were better than those which obtained in Scotland in 1921, they were worse than those in Northern Ireland, and much worse than those in either England or Wales. The statistics concerning one-room dwellings show, for instance, that there were 19,000 people living five together in one room, 16,000 people living six together in one room, 11,000 people living seven together in one room, and 6,000 people living eight together in one room. Further down in this human inferno we find 3,800 persons living together in groups of nine in one room, 1,900 living ten in one room, and even a few hundreds herded in elevens, twelves or more, in one-room dwellings. The mere recital of such facts is revolting to all decency, and the mortality statistics tell the inevitable tale of their result on life and health. As one would expect, people living under such conditions have short lives, and infant mortality increases as overcrowding increases. One table shows the average number of deaths per thousand in Drumcondra where conditions are tolerable, and in North Dublin city where housing is exceedingly bad. From one to five years the mortality in the first district was 7·7, in the second 25·6, and similar disparity prevails right up to old age. The rural population is most overcrowded along the western seaboard and in the counties of Dublin and Kildare. In the Munster counties (except Kerry), in the adjoining counties of Carlow, Kilkenny, and Wexford, and also in County Meath, the rural population is best housed. The towns of Connaught, as well as the rural districts, have worse housing than those in any other province. Since 1911, when the previous census was taken, there is a remarkable increase in the county boroughs in the number of persons living in dwellings of less than five rooms, and a still more striking decrease in the remainder of the inhabi-

tants. This decrease, amounting to 17,000 of the population living in five rooms or more, was, it is suggested, due to the decrease in the Protestant population, and, in the case of Dublin, partly to the movement of more prosperous families to the suburbs. It is unfortunately obvious from these returns that the worst housed families are the young growing families. One encouraging fact, however, emerges from the comparative tables. The number of persons dwelling in one-room tenements declined between 1901 and 1911 by 26 per cent., and between 1911 and 1926 by nearly 9 per cent., although the decrease in population during these periods was less than 8 per cent. Thus it would seem that the worst congestion is over. But the story these tables tell is sordid and terrible, and calls for immediate and drastic action.

A pleasanter tale is told by the annual report of the Department of Education recently published. We are now spending over four million and a half pounds a year on education, and although this only represents approximately a cost of £7 per pupil in primary schools, £12 per pupil in secondary schools, and £4 per pupil in technical and post-primary schools, it is nevertheless a substantial sum for a poor country. Primary schools numbered 5,555 in 1928 with 13,577 teachers and 512,333 pupils on the rolls. The School Attendance Act, which came into operation in the beginning of 1927, has already had excellent results, the percentage of attendance having increased from 73·5 in 1924 to 82·7 in 1928. The percentage did not fall below 80 in any county, and in the cities of Dublin, Cork, and Waterford it was 85 or over. The Act only applies to children from six to fourteen years. Most pupils cease to attend school altogether at fourteen, and to counteract this tendency a new scheme for awarding primary school leaving certificates has been put into force. School accommodation is being gradually improved and a school medical service has been inaugurated under the supervision of the new county medical health officers.

Secondary education is also being extended to meet the needs of poorer children by means of a scholarship system, and pupils of superior intelligence can now secure a free secondary education and later proceed to the university if they obtain County Council scholarships. No action has yet been taken on the report of the Technical Education Commission, but the city technical classes show considerable increases and an interesting development is the provision of training for service in hotels as chefs and waiters. Although brains are one of the cheapest things in Ireland they are too often left undeveloped, or developed on wrong lines. A system which exports professional men and has to import technicians is clearly wrong. Now, at all events, we have realised these defects and something is being done to reconstruct our educational system on sound foundations.

The presentation of Charlemont House by the Government to the city of Dublin to house its gallery of Modern Art, which was founded by Sir Hugh Lane, shows that we are not forgetful of the æsthetic education of the people. The building is a delightful example of Dublin eighteenth-century architecture, and Lord Charlemont, its original owner, was himself a great connoisseur and art lover. It is intended that this gallery shall be to our fine National Gallery what the Luxembourg is to the Louvre in Paris. Considerable extensions to the existing building are already being considered, and in time, if proper endowments are forthcoming, the collection will be extensive and remarkable. It redeems the pledge given to Sir Hugh Lane for the provision of a proper gallery to house his pictures, and robs the Tate Gallery of the last shred of justification for retaining the group of French pictures which Sir Hugh, by an imperfectly executed codicil, left to the city of Dublin. It would certainly be an honest and proper thing for the English Government now to return these pictures to which London has no moral title whatever. One decent action of this kind would do much to promote national goodwill between England and Ireland.

Ireland : Events in the Free State

Much interest has been aroused by Sir John P. Griffith's project for making Galway a terminal port for the large and fast Atlantic liners. He argues that a transatlantic service between Galway and Halifax would reduce the Atlantic voyage by one day and save an annual sum of at least a million and a half, but Sir John seems to have left out of his calculations the cost of reaching Galway from London or Paris, and the problem of dealing with the liners' cargoes. Moreover, the building of a suitable artificial harbour at Galway, where no natural shelter exists, would cost at least two millions, and it is fairly obvious that no European steamship company would be prepared to abandon its home ports as a terminal in favour of Galway. Failing support from the great steamship companies, such a scheme could only add one more derelict port to the many which already exist on our coast. Were such a terminal port in Ireland an economic possibility, Cork Harbour with its great natural advantages, which is only about forty miles further from American ports, or say one hour's steaming in a fast liner, would seem to provide all the facilities required at infinitely less cost. An American syndicate is in fact formulating plans for the establishment of a free port in Cork Harbour on the same lines as those already existing in Hamburg and Copenhagen, and the deserted naval dockyard island of Haulbowline has been suggested as a suitable site. Attractive as this project undoubtedly seems, it could only succeed if it had definite assurances of support from foreign shipping. European ships will naturally go to European ports. Can American support be definitely assured ? That would seem to be the real crux of the matter. Meanwhile Cork and Galway can be relied on to keep their respective claims before the public. Galway has recently given a practical demonstration of the fact that mails landed there from America can be delivered in London by air twenty-four hours quicker than if sent via Southampton or Liverpool. But Cork retorts that calling at Galway means a twelve-hour

deviation from the Atlantic steamship routes, and that air mail can be sent from Cork Harbour without any such loss of time.

Strange to say, the latest trade returns show that our exports to the United States have gone up for the last eight months from £165,330 to £530,422, a result which is almost entirely due to exports of tractors from the Ford factory at Cork, which is now working at full pressure. To the same source may be traced the growth of an export trade to Russia from less than £2,000 to over £120,000. Russia buys more than six times as much from us as we buy from her. For the twelve months ended August 31 last our trade turn-over amounted to £106,311,000, compared with £103,446,000 for the twelve months ended August 31, 1928. The increment of £2,865,000 is made up as follows: Imports, £1,514,000; exports of Free State products, £1,053,000; re-exports, £298,000 The adverse balance for the period is, however, £13,731,000, or £163,000 more than for the previous twelve months, a result which in the circumstances need cause no alarm whatever.

The completion of the Shannon hydro electric works will do much to decrease our imports of coal. The water was admitted into the head-race canal early in July, and experimental tests of the power supply have just been successfully made, Dublin and the whole Leinster loop as far south as Waterford being supplied with power from the Shannon for an entire night. The distribution networks are not, however, completed and the scheme is not likely to be taken over by the Electricity Supply Board before next spring. This body, which will eventually control and sell the Shannon electric power, has been the subject of much unfavourable criticism owing to its refusal to deal fairly with the various small electricity undertakers throughout the country whom it is alleged to be extinguishing without adequate compensation. That the Board are optimistic as regards the success of their undertaking is

indicated by the announcement recently made in the Dail that they anticipate a consumption of current in the Free State by 1932 of 144 million units. The four European experts who approved of the original scheme calculated that a consumption of 110 million units in 1932 would make it a paying proposition. The estimate is that the present three turbines will suffice only until 1931 and that three more will then be required. The fact that it is only four years since the contract was signed says much both for the contractors and the Government which had to face large and unfamiliar problems before the work could be completed. Whatever may be the economic effects of this great undertaking—and they are bound to be considerable—its psychological value as a proof of the wisdom, courage, enterprise, and determination of our young statesmen is far greater, and may well restore our confidence in the future of our country.

The Irish Free State.
November 1929.

CANADA: LAW AND CUSTOM IN THE CANADIAN CONSTITUTION

I.

THE voluminous literature which has almost necessarily grown up round Canada's external relations has, in some degree at least, tended to obscure the study of the domestic workings of the Canadian constitution. As a consequence, students of British institutions throughout the Empire have not become as familiar with constitutional phenomena as their intrinsic importance deserves. As in the past, so since 1867, British North America has proved to be an interesting laboratory for constitutional developments. Judicial decisions, constitutional conventions, political customs, unwritten rules and regulations have so changed and modified the British North America Act that it is doubtful if the "fathers of federation" would to-day recognise their offspring. Indeed, it is not too much to say that some of their fundamental conceptions, guarded, as they thought, carefully in the Act, have not been realised.

It would take us too far afield to examine in detail the purposes behind the Quebec Resolutions of 1864, the Westminster Resolutions of 1866—purposes which were intended to be translated into law in 1867. One aim, however, must be emphasised. When John A. Macdonald discovered that his outspoken preference for a unitary kingdom could not be realised, and that federalism alone

would satisfy the diverse interests concerned, he bent his energies, with apparent support from his colleagues, to give to the new federation as strong a bias towards a unitary system as circumstances would allow. In the distribution of legislative powers the avowed aim, as we shall see, was to strengthen the central legislature. The appointment of the provincial lieutenant-governors lay with the Governor-General in Council—they were to be the servants of the federal Government, to which in addition was given an unqualified power to disallow within one year any provincial Act. The provinces were thus cut off from any legal connection, such as they had before federation, with Great Britain and the British Cabinet. In other words, the constitution began with what appeared to the " fathers " such sufficiently strong central control over the provinces as would render them in their executive and legislative capacities subordinate to the central Government; while the ambit itself of their legislative authority was intended to be such as to leave the vast undefined residuum to the Dominion. *Dis aliter visum.* We now witness on the North American continent singular political developments. The American Republic began with a theory of State rights. To-day, we watch the ever-increasing growth of federal power. Canada began its political existence with the scales heavily weighted in favour of the central authority. To-day, the Canadian provinces enjoy powers greater than those of the States of the American union. In both federations the most cherished aims of the founders have been nullified.

Before examining these Canadian developments, we may well point to certain outstanding forces at work. First of all, the federal idea was never driven to its full logical conclusions. The senate represents no clear-cut federal principle as in the United States; and consequently the federal idea has sought from, and has been granted by, political parties a place in the other organs of government. Secondly, the Privy Council has interpreted the British

North America Act in the strictest terms as a statute. They have refused, as happened until recently in the High Court's interpretation of the Australian constitution, to allow the importation into the Act of anything not necessarily implicit, to follow American precedents, to see in it anything of a contractual nature, or to be guided by its historical origins. As a statute of the British Parliament they have applied to it arbitrary rules of construction, which, whatever else they have done, have at times robbed it of its historical context and divorced its meaning from the intentions of those who in truth framed it. Finally, the federal party system, organised along provincial lines, has accentuated constitutional custom and judicial decisions in strengthening the initially strong centrifugal forces of race, religion, and geography. Federalism by its very nature implies a certain looseness in national structure, and Canadian federalism began with many peculiar forces to accentuate the characteristics inherent in the federal political principle. The legal and constitutional developments of the last sixty years have certainly tended to strengthen the fissiparous elements in our national life. We shall notice later the beginnings of what may well become constitutional conventions directed to overcome some of these tendencies. For the moment, however, it is only necessary to point out the general constitutional evolution, and to examine it in some of its most important aspects.

II.

WE may well begin with the tantalising central problem of federalism—the distribution of legislative powers. Macdonald fondly hoped that "all conflict of jurisdiction and authority" would be avoided, so clearly did he believe that the subject had been dealt with in the Act. Perhaps to no other aspect of Canadian law have so many discussions been directed; and judicial decisions call for a

continual restatement of "principles of interpretation," if we may so characterise the opinions of the Judicial Committee. Certain more or less clear characteristics have emerged. There is, for example, no reserve of legislative power vested, as in the United States, in the people. "The whole area of self-government" is covered—subject, however, to Lord Haldane's *caveat* that the expression is one which must not be ridden to death, since succession to the Crown, war and peace, secession from the Commonwealth, and possibly extra-territorial legislation lie outside Canadian competency. Then, we are reasonably secure in our principles in relation to the concurrent power over immigration and agriculture, and even in relation to the provincial exclusive power over education. Much litigation in this last connection has taken place, especially in interpreting the guarantees for "denominational schools which any class of persons have by law in the province at the union." This protection, it is now clear, applies only to schools recognised *by law* as denominational, and cannot be construed to cover schools which were *de facto* denominational through the presence of scholars professing one faith, or through the teaching of the specific tenets of one religion. In addition, "class of persons" is now judicially defined as persons joined by "ties of faith" and not by ties of race or language. The section of the British North America Act dealing with education has thus achieved a certain clearness of meaning out of many judicial battles. It need not longer detain us, especially as clashes between federal and provincial authority seldom if ever occur. It is in relation to subject matters other than agriculture, immigration, and education that the fiercest legal controversies have raged to the confounding of Macdonald's optimistic prophecy.

We shall best accomplish our purpose if we give first a fairly clear statement of the legislative enactment, and secondly some contemporary explanation of its meaning. To the provinces, under section 92, are exclusively assigned

sixteen enumerated subjects; and to the Dominion legislature, under section 91, is given power "to make laws for the peace, order, and good government of Canada in relation to all matters not coming within the classes of subjects by this Act assigned exclusively to the legislatures of the provinces; and, for greater certainty but not so as to restrict the generality of the foregoing terms of this section, it is hereby declared that, notwithstanding anything in this Act, the exclusive authority of the Parliament of Canada extends to all matters coming within the classes of subjects next hereinafter enumerated." Here follow twenty-nine enumerated subjects. Reading the two sections together they *appear* to mean that the provinces possess certain defined and exclusive powers, including a general residuary power over all matters, not specifically defined, "of a merely local or private nature in the province," and that the general residuum belongs to the Dominion; but the exclusive powers given to the provinces may be modified, curtailed, or even destroyed, if judicial decisions in any definite cases draw any of them within any of the enumerated powers granted to the federal legislature. The conclusion also *appears* to follow that the federal legislature may not under its general power substantially trench on subject matters exclusively assigned to the provinces. Such is the scheme.

Every text-book on Canadian constitutional history is careful to explain its historical origin. The American Civil War seemed to the British North American statesmen to demand important deviations from American federalism, and they deliberately aimed to adopt a plan for the distribution of legislative powers in which the American system would be reversed: the general residuum was to belong to the federal legislature, and not to the provincial legislatures. Contemporary discussions of the scheme make it obvious that this general residuum was intended to cover all subject matters which in time might become of national importance. Macdonald spoke of the Canadian plan as

one in which the federal legislature would control " the general mass of sovereign legislation." Viewing the American constitution, he declared that the new Dominion in taking advantage of American experience had, he believed, avoided the defects " which time and events have shown to exist in the American constitution," especially in relation to the distribution of powers :—

> Ever since the union was formed the difficulty of what is called " State rights " has existed, and this had much to do in bringing on the present unhappy war in the United States. They commenced, in fact, at the wrong end. They declared by their constitution that each State was a sovereignty in itself, and that all the powers incident to a sovereignty belonged to each State, except those powers which, by the constitution, were conferred upon the General Government and Congress. Here we have adopted a different system. We have strengthened the General Government. We have given the General Legislature all the great subjects of legislation. We have conferred on them, not only specifically and in detail, all the powers which are incident to sovereignty, but we have expressly declared that all subjects of general interest not distinctly and exclusively conferred upon the local governments and local legislatures, shall be conferred upon the General Government and Legislature. We have thus avoided that great source of weakness which has been the cause of the disruption of the United States. We have avoided all conflict of jurisdiction and authority, and if this constitution is carried out, as it will be in full detail in the Imperial Act to be passed if the colonies adopt the scheme, we will have, in fact, as I said before, all the advantages of a legislative union under one administration, with, at the same time, the guarantees for local institutions and for local laws, which are insisted upon by so many in the provinces now, I hope, to be united.

Macdonald's exposition is merely one among many which could be called in aid to prove that on all sides in British North America in 1864–67 the great central principle of Canadian federalism was clearly grasped and carefully expounded. These explanations were not left to the colonists alone. Care was taken that in passing the British North America Act the legislature of the United Kingdom should know the basic idea of the colonial plans to which that Act was to give legal form. The views of the British

Cabinet coincided with those of the colonial statesmen, and were made clear by Lord Carnarvon in the House of Lords:

> The real object which we have in view is to give to the central Government those high functions and almost sovereign powers by which general principles and uniformity of legislation may be secured in those questions that are of common import to all the provinces; and at the same time to retain for each province so ample a measure of municipal liberty and self-government as will allow and indeed compel them to exercise those local powers which they can exercise with great advantage to the community. . . . In closing my observations upon the distribution of powers, I ought to point out that, just as the authority of the central Parliament will prevail whenever it may come into conflict with the local legislatures, so the residue of legislation, if any, unprovided for in the specific classification which I have explained, will belong to the central body. It will be seen, under the ninety-first clause, that the classification is not intended to "restrict the generality" of the powers previously given to the central Parliament, and that those powers extend to all laws made "for the peace, order, and good government" of the Confederation—terms which, according to all precedent, will, I understand, carry with them an ample measure of legislative authority.

Words could scarcely be clearer. In the colonial legislatures, in the British legislature, the method of the distribution of powers was specially explained: affairs common to all the provinces, and affairs, wherever their *locus*, if of national importance, were to lie within the legislative authority of the federal Parliament, while all other matters of a nature purely local were to belong to the provinces. After such deliberate care we can well understand Macdonald's optimism. Both he and Carnarvon believed that the intention was made abundantly plain that the federation itself would be competent to decide what matters were of national, as distinct from "purely local," importance. Indeed, Macdonald declared that the powers of the federation were so strong that, in any contest over jurisdiction, it "must win."

As soon as the Act began to call for judicial interpretation

it would seem that the Privy Council favoured the historical facts. In *Russell v. the Queen* ([1882]. 7 A.C. 829), the Judicial Committee upheld a federal temperance Act prohibiting, except under restrictive limitations, the liquor traffic throughout Canada. This opinion seemed to support the view that, if a federal Act were requisite for the " peace, order, and good government " of the Dominion, it was *intra vires* of the federal legislature, even though it might affect incidentally " property and civil rights " granted exclusively to the provinces. This position did not long survive before a cumulative series of decisions beginning with *Hodge v. the Queen* (9 App. Cas. 117), and passing down through *Attorney-General for the Dominion v. Attorney-General for Alberta* ([1916] 1 A.C. 588), through *In re Board of Commerce Act*, 1919 ([1922] 1 A.C. 191) to *Toronto Electric Commissioners v. Snider* ([1925] A.C. 396).

The last case especially serves to illustrate how judicial interpretation has divorced the British North America Act from the intentions of 1864-1867. It is for our purpose unnecessary to explain in detail the problem before the Privy Council in this case. It is sufficient to say that the legality of the federal Industrial Disputes Investigation Act of 1907 was called in question, under which the federal Minister of Labour was empowered to appoint a board of conciliation to examine an industrial dispute on the application of either party to the dispute, the application to be accompanied by a sworn declaration that, failing adjustment, a lock-out or strike would probably occur. The Toronto Electric Commissioners challenged the federal Act, and after losing by a majority in the Appellate Division of the Supreme Court of Ontario, finally established their point before the Judicial Committee. There emerged from the opinion of that body certain important considerations. Lord Haldane said their Lordships did not think it " now open to them to treat *Russell v. the Queen* as having established the general principle that the mere fact that Dominion legislation is for the general advantage of Canada, or is

such that it will meet a mere want which is felt throughout the Dominion, renders it competent, if it cannot be brought within the heads enumerated specifically in section 91." In a word, Macdonald's "subjects of general interest," Carnarvon's "questions that are of common import" are in their generality deliberately ruled out of the legislative scheme. The Committee, however, seemed to believe that they must put some meaning on the words of the Act, "peace, order and good government of Canada," on "general interest," on "common import," and they decided, emphasising their opinion in *In re the Board of Commerce Act*, that these words confined the general residuary power to cases arising out of some extraordinary national peril, where legislation might be required beyond provincial competency. It is to be presumed then that, if the decision in *Russell v. the Queen* is to stand, it must be explained by adding another historical mistake to the situation: drunkenness was a crying national peril in 1882! As a result we are now in the position that the federal legislative powers are normally only those specifically enumerated in section 91, while the provincial powers are equally defined and enumerated in section 92. The Dominion can only invade provincial powers in the valid exercise of its enumerated powers, and the real residuum of powers, except in cases of national peril and calamity, either rests with the provinces under their exclusive power over "property and civil rights in the province," or is unprovided for in the Act.

The legal situation is apparently entirely divorced from the historical intentions of 1867; and it will be difficult, even in the growing complications of national, industrial and financial developments, to secure legislative change, since, as is well known, no power lies in Canada to change the British North America Act. Many years ago the British Government laid it down that the legislature of the United Kingdom, with which power alone lies, would not provide substantive and important changes apart from

provincial agreement. It is along these lines that developments would appear to lie, and an important constitutional convention may grow up through procedure to which reference has already been made. At present the Government of Canada is discussing with those of Ontario and Quebec legal difficulties arising out of possible clashes of legislative authority in relation to the development of the St. Lawrence. It may be that, in the long run, Canada will benefit by such procedure. Be that as it may, Canada possesses in law to-day a scheme of the distribution of legislative powers which is in its essence diametrically opposed to the conceptions of the "fathers of federation" and of the British Government of 1867. There is, of course, a grave danger that the centrifugal forces, already numerous enough in Canadian national life, may be accentuated by this interpretation of our constitutional law; and it is significant that Mr. Wallace Nesbitt, in his presidential address before the Canadian Bar Association at Quebec in September 1929, should refer to the need for some sort of consultation and agreement between the federal and provincial Governments with a view to ironing out the chaotic law in relation to legislative authority over companies. Until some such constitutional custom emerges we shall be in the position of accentuating in the legal field those elements in our national life which hinder national cohesion. The necessity for such a custom is obvious, when we remember that Quebec as a whole, and strong public opinion in the other provinces, oppose any constituent powers being given to Canada. Indeed, no political party would be prepared to father such a proposal unless accompanied by legal guarantees for provincial agreement in relation to proposed changes. Sober realism will support that position. It would tear the Dominion into fragments were any unqualified constituent powers granted; and no one ought to be moved by *doctrinaire* arguments. If law is to reflect social values and interests, as indeed it ought, we can arrive at such a position in the constitutional law of Canada by

developing, before enacting changes, the British tradition of custom and convention through honest consultation and generous discussion between the federal and provincial authorities. We have indeed gone far legally from the conceptions of 1867. In the interests of national unity we can perhaps retrace our steps only along such lines—which may prove ultimately more beneficial.

III.

LEAVING then this great central problem, we may now survey somewhat more cursorily other important aspects of the evolution of our constitutional law and custom. First of all, it is interesting to note how legal decisions have made clear the essential nature of all Canadian legislatures which deal with the tangled scheme of legislative subject matters. No legislature in Canada is in any sense a delegate or agent—the federal legislature from the legislature of the United Kingdom, the provincial legislatures from the legislature of the United Kingdom or of the Dominion. Every legislature in Canada, acting within its legislative sphere, is sovereign; its powers are "exclusive," "supreme," "absolute." The courts must, as in any federal country, resolve clashes of legislative powers; but given the legal power to legislate on a subject matter, that power is unquestioned and can be delegated by the legislature to subordinate bodies with coercive authority. In addition, once there is clearness in relation to legislative control over any subject matter, no court can question the wisdom or morality of the legislation. Parliamentary supremacy is the great central principle of Canadian federalism. To paraphrase Blackstone: What a Canadian legislature, acting within its proper ambit, does no power save itself can undo.

In this connexion an important aspect of constitutional life emerges, since the provinces are given exclusive powers to amend "from time to time, notwithstanding anything

in this Act, the constitution of the province, except as regards the office of lieutenant-governor." Important changes have been made, but interest centres round the use of the initiative and referendum, especially in the western provinces. It was believed in 1919 that difficulties had disappeared when the Judicial Committee decided that the Manitoba Initiative and Referendum Act was *ultra vires* as an interference with the office of lieutenant-governor ([1919] A.C. 935). The issues have, however, been indirectly reopened. The Alberta Liquor Act was passed under conditions laid down by the Alberta Direct Legislation Act. A case arose under the Liquor Act and finally came before the Judicial Committee, which upheld the legality of that Act. The method by which it was passed under the Direct Legislation Act was not before that body; but it may be that it is legal for a province to proceed to legislation after the electors have outlined a Bill by a popular vote. If this deduction from the opinion of the Committee is valid, we may witness constituent changes in the provinces somewhat effectively divorced from the traditional procedure of building up a law through various readings and detailed discussion in committee. The whole thing reflects the dying influences of Jacksonian democracy, and it would seem that, if persisted in, the principle of parliamentary cabinet government may suffer. We are informed that a reaction has set in. Be that as it may, it is abundantly clear that the cabinet system cannot be driven in double harness with any form of the initiative and referendum, except to its hurt and detriment, if not to its ultimate confounding.

We may now pass to the problem raised by the question of the rights and privileges of the Canadian legislatures. In itself, perhaps, it is not of vast importance to-day; but the evolution of the law illustrates constitutional growth. It is, of course, well established by judicial decision that the peculiar privileges of the legislature of the United Kingdom belong to the *lex et consuetudo parliamenti*, and that a

subordinate colonial legislature cannot appropriate them apart from legislation. The British North America Act of 1875 has defined them for the federal legislature. In connexion with the provincial legislatures an amazing round of controversy lasted from 1867 to 1896; and cases, decisions, statutes followed one another with tantalising perversity, in which the idea predominated, under the influence of John A. Macdonald, that these legislatures should not be allowed too much power, should be treated, in current parlance, as "big county councils." In 1896, the Privy Council finally decided in favour of the provinces (*Fielding v. Thomas*, A.C. 600), and to-day these have defined the rights and privileges of their legislatures in statutes of undoubted legality. Indeed, in 1920 the legislature of Quebec, not content with the traditional punishment for contempt, passed a special Act imprisoning a recalcitrant newspaper editor for one year in the common gaol, a judge of the Superior Court of Quebec and a judge of the Supreme Court of Canada refusing a writ of *Habeas Corpus*. An application was made to the federal Government to disallow the Act, but, before a decision was reached, the editor purged his contempt and was released.

The matter of the disallowance of provincial Acts by the federal Government has long been a source of constitutional struggle, and we may well review it somewhat closely. The British North America Act grants to the Governor-General in Council a general and unqualified power to disallow within one year any provincial Act. The power was doubtless given, first, to correspond to an analogous one in the hands of the British Government over federal legislation, and secondly, as Cartier himself declared in 1865, to provide against "unjust and unwise provincial legislation." Whatever the original motive—and it seems clear that Macdonald's "unitary" bias cannot be forgotten—federation began and continued for many years with a clear-cut purpose of treating the provinces as distinctly subordinate to the Dominion, as municipalities; and pro-

vincial legislation was disallowed as unjust, as inequitable, as immoral, as unsound in principle, as destructive of private and contractual rights—the federal Minister of Justice virtually becoming a moral censor of much provincial legislation. The problem of the legality of legislation was usually, though not always, left to the courts. For a considerable time we can trace definite moral judgments in the reports of the Minister of Justice advising the disallowance of Acts fully *intra vires* the provinces.

In 1892 began the judicial definitions already referred to of the absolute and sovereign nature of provincial legislative powers, the abuse of which could not legally be asserted as a limitation on them, and against such abuse, as Lord Herschell said, " the only remedy is an appeal to those by whom the legislature is elected." From that period may be noticed a new principle at work, defined and consolidated during the years 1906 to 1911. The Minister of Justice refused to disallow provincial Acts, no matter how flagrantly and obviously unjust, oppressive, or outrageous they might be, provided the province concerned had power to pass the Acts in question, and that was a matter for the courts. Up to 1923 this principle, on the whole, prevailed. In that year the Minister of Justice advised the exercise of the power of disallowance in relation to an Act of the Nova Scotia legislature, not because it was *ultra vires*, but as being of a most improper and unjust nature—which was evident on the face of it—and, more interesting still, as overriding a judgment handed down by the Supreme Court of Canada. Thus we have the revival of an idea which was considered obsolete—the disallowance of legislation fully *intra vires* the province because the power had been abused—and that revival has been coupled with the extraordinary and novel reason that a legislature acting within its undoubted legislative competency must not reverse the judgment of a court : a conception totally opposed to the principle of parliamentary sovereignty which, as we have seen, is fundamental in our jurisprudence. This episode

may not lead to any further developments; but it would seem that here may be another sphere in which consultation and discussion may be forced into conventional constitutional procedure, if we are to escape the reopening of old issues, from which the provinces, already strong by virtue of judicial decisions, would be bound to come forth with increased prestige.

Space will not permit more than a casual reference to executive power. It is hardly necessary to recall, in connexion with the formal and legal federal executive, that various changes have been made in the instruments connected with the office of governor-general; but no changes have legally transformed him from being a governor into a viceroy. He is still a man acting under instructions; he does not possess the full prerogatives of the King; he enjoys none of the legal immunities belonging to viceroyalty. Not a single legal change has been made. On the other hand, conventions grow apace. In 1888 Macdonald emphatically opposed the idea that the Canadian Government should be consulted or asked for advice in relation to his appointment. To-day consultation is the normal thing. Legally he is the old governor of 1879, when under Edward Blake's influence the instruments of his office were reformed; in convention and custom he is a viceroy guided by the agreements of the Imperial Conference of 1926. In the provinces the office of lieutenant-governor has acquired important legal support for its dignity and authority. He can still be legally dismissed by the Governor-General in Council for reasons disclosed to Parliament and outside judicial review; but he is not a servant of the Dominion, a mere instrument of the federal Cabinet, as Macdonald, with his favourite conceptions of the federation paramount, meant him to be. Once legally appointed and during his tenure of office, he is the representative of the Crown, endowed with all the executive power necessary for carrying on the government of his province. He enjoys as full and ample executive authority within the provincial

sphere as the Governor-General within the federal sphere.

In relation to the informal or real executive, the Cabinet, we may note certain conventions which have almost the force of constitutional law. The Prime Minister of Canada is not free as is the Prime Minister of the United Kingdom. The " fathers of federation " in truth failed in the type of second chamber which they created, and, as we have seen, the federal idea was not realised in the national legislature. As a consequence, the federal Cabinet has assumed, from the first Cabinet of the Dominion until to-day, a federal aspect. Thus a condition has prevailed and developed which was foretold in 1865 as a necessary outcome of the lack of a real federal principle in the organisation of the senate. Nor has convention stopped there. The French Canadians, Anglo-Saxons in Quebec, and Roman Catholics in other provinces have more or less established claims to representation in the federal Cabinet, which has become since 1867 a reflection of provincial or territorial, religious and racial groupings. In other words, the executive government, specially placed in power in the interests of the nation as a whole, is generally a balancing of interests which calls for political *legerdemain* of the most skilled order A Prime Minister may find himself forced to choose a colleague because he is the sole supporter of his party in some province or group of provinces, although his claim to cabinet office is merely the uniqueness of his position. He may find himself forced to select someone on account of his race or religion who brings to the council chamber neither executive experience nor political wisdom, neither national outlook nor the capacity for it. A federal Cabinet may thus become a strange and fortuitous Noah's Ark; and Macdonald lived to declare that men must be chosen on the basis of capacity alone. However guileless his intentions, neither he nor his successors shook off his own initial type of cabinet organisation, until to-day no Prime Minister, no party could afford even to attempt change.

The federal Cabinet is a compromise, a blending; and for better or for worse we appear likely to continue to tolerate a national executive which is only national in name and is held together merely by the ties of office. The amazing thing is the high average of success which we have achieved. Indeed, it may be that the common statement that we were the first to succeed in combining federalism and parliamentary government has only been proved true because we have been forced to federalise the national Cabinet.

In conclusion, something may be said from the purely domestic angle of appeals to the Privy Council, which go by special leave of that body from the Supreme Court of Canada, and from the provincial courts by leave or as of right. The exact details need not concern us. We must note, however, some important facts. First, the legal profession is almost unanimous in favour of preserving appeals to the Judicial Committee, and in this they have the support of the province of Quebec, which professes to look on that body as the peculiar guardian of its rights. Again, there is a strong majority among English-speaking Canadians who, supporting the legal profession and Quebec, see in the Judicial Committee either a tie of Empire, or, by a distortion of history and fact, the channel for "the immemorial right of approach to the footsteps of the throne," or an excellent safeguard of justice, in a nation so distinctly marked by strong religious, linguistic, and racial differences. It is also true that the strengthening of provincial "rights" by the Judicial Committee has been an important factor in increasing respect for it in a country where local allegiances are unfortunately apt to overshadow the national point of view. Whatever real worth there may be in all these reasons, they at least disclose a singular lack of confidence in the objectivity of the Canadian judiciary, and one which is on the whole entirely unjustified. On the other hand, the body of *doctrinaire* theorists, who are constantly harping on the "limitations of Canadian

autonomy," are strengthening their position by pointing out the " foreign " nature of the Committee, by emphasising how appeals constitute a general condemnation of the skill and efficiency of Canadian judges, and, what is more to the point, by laying stress on the obvious fact that their perpetuation is " class legislation " in the interest of the wealthy suitor at the expense of poorer litigants. We must say honestly that there is no wide demand for change, and we do not believe that any party would lightly make the question a political issue. In the minds of nearly all Canadians there is an undefined fear owing to our peculiar organisation; and many practical men, who would on sound reasons support the *doctrinaires*, shrink from public expression of opinion, lest change should in some way, indefinitely conceived, further complicate our social and political structure. When the whole matter is cleared from cant, it is obvious that appeals survive because the vast majority of Canadians wish them to survive. There is, however, a growing opinion against them, more obvious to-day than, say, before the great war; and there is a stream of sentiment welling up from the sources of the " autonomy complex." We believe this latter situation may become dangerous, as political opinions nourished on *doctrinaire* reasons are peculiarly noxious. It might be the course of wisdom to hoist these opinions on their own petard by the passing of a permissive British Act allowing Canada to control appeals by Canadian legislation. We do not believe that any action under such an Act would be taken in Canada at present or for years to come; but such a course would rob criticism of its dangers, and would throw the onus of change on Canada itself. Our greatest snare to-day is seeking to extend autonomy for purely theoretical reasons. This matter, however, overflows into the problem of external relations, of whose discussion we have indeed had God's plenty.

Canada.

October 7. 1929.

AUSTRALIA

I. The Tariff Report

IN 1840, Sir Robert Peel was seriously considering the British tariff. There were 1,150 articles on the list, yet there was a disquieting and recurring deficit of a million and a half. A select committee of the House of Commons was appointed to investigate the whole tariff question. The report contains some severe criticisms—here are some of them :

> The tariff presents neither congruity nor unity of purpose ; no general principles seem to have been applied . . . it aims at incompatible ends. The duties are sometimes meant to be both productive of revenue, and for protective objects. The tariff has been made subordinate to many small producing interests.

In 1927, Mr. Bruce, who seems to have been getting a little doubtful about the rapidly growing protection accorded to Australian industries, invited a private committee of economists to make an independent enquiry into the economic effects of the Australian tariff. The report* of this committee, which has just been published, is not uncritical—here are some of its conclusions :

> The interests of the Government itself are apt to tempt its members and supporters to acquiesce in some dubious extensions of protection because of the revenues gained incidentally. . . . Each

**The Australian Tariff—an Economic Enquiry*, by Messrs. Brigden, Copland, Dyason, Giblin and Wickens, being an informal committee set up by the Prime Minister to report upon the economic effects of the Australian tariff.

industry should be required to show cause from time to time for the protection it enjoys, and should establish beyond question the fact that it is not receiving a greater subsidy than it needs. Every other means of promoting new industries should be exhausted before recourse is made to the tariff. The present costs of protection are dangerously high.

By these quotations it is not implied that history has repeated itself. It never does, in spite of the assertions of our grandmothers who wanted us to repeat it. Nevertheless, the parallel is instructive, if only because it points to the necessity of a periodic overhaul of national fiscal policies. But no wholesale repudiation of protection, like that in Britain in the 'forties of last century, is likely to follow from this report of the Australian committee. For the learned authors of the report have taken to heart the dictum of Dr. Cunningham to the effect that " economics are better fitted to play the part of the solicitors who get up the case on each side rather than that of a Court of Appeal delivering judgment."

It is not, therefore, surprising to find that the report falls into two distinct sections. The first section is occupied with an endeavour to estimate what would have been the effect on the population and national income of Australia of a policy of free trade plus a revenue tariff, and how this would compare with the results attained under protection. The remaining portion of the report is devoted to an examination and criticism of prevailing customs policy and administration. These we shall consider in order.

The supreme test of protection in Australia, according to the authors, is whether any other policy would have produced the same standard of living for the same population. It was therefore necessary to attempt to estimate the cost and incidence of protection and to compare the results obtained with the results which, it is estimated, would have been obtained without protection. Manufacturing production is treated first. In general, the cost

of protection is estimated by comparing the prices of home produced goods and free imports. But this estimate must be varied according to the kind of industry which is considered. Locally produced articles are, therefore, divided into three classes :

(*a*) In which imports still bulk large in spite of the tariff against them. Here the full amount of duty paid on imports is estimated as the amount of excess cost of protection—£14·8 million.

(*b*) In which imports are relatively small in comparison with consumption. Here half the amount of duty paid in imports is reckoned as excess cost—£7·7 million.

(*c*) In which the home industries are naturally sheltered to a certain extent, but in some respects come into competition with imports, *e.g.*, engineering, saw-milling, railways. Here one-third of the duty paid on imports is reckoned as excess cost—£4·4 million.

The costs on manufacturing are thus £26·9 million. These proportions are somewhat arbitrary, as the authors admit, but they claim to have been able to make a realistic check on them under expert guidance which took in the bigger production items. This check confirmed to a remarkable degree their total estimate of £26 million. For this, they were obviously thankful, and doubtless it constituted one of the occasions referred to in the Preface, when they greeted the unseen with a cheer—as soon as it became visible.

With regard to protected primary production, the report estimates the following excess costs : Sugar, £4 million ; butter, £3 million ; other primary products, £3 million—total, £10 million. In this section, the authors point out that, in 1925-6, 56 per cent. of the raw sugar crop was consumed in Australia at a price of £27 a ton, therest being sold abroad at £11 6s. per ton. Thus, the Australian domestic consumer paid 139 per cent. more than the foreign consumer of Australian sugar, certain rebates being granted to Australian manufacturers using sugar. Raw sugar in Cuba is now £9 a ton, against £27 in Australia.

The total subsidies to production are therefore £36

million on a total value of protected production, which the report estimates to be £150 million. This estimate takes no account of the added price of imported goods, the authors maintaining that the duty paid on them goes to the Treasury and takes the place of other taxation. But this raises the question, which the report does not consider, whether Australian Governments would have committed themselves to the same amount of expenditure if they had not been able to depend on an income through the tariff incidental to a protective policy. The alternatives would have been revenue duties on luxuries and conventional necessities, or direct taxation, neither of which could have been draped with the excuse of developing home industry.

Of this £36 million excess cost, £7 million is for luxuries which fall on the surplus elements of income; £6 million sticks in sheltered industry; and the rest is borne by fixed incomes and by industry depending on world prices. The general price level (excluding luxuries) is raised about 10 per cent. above prices under a purely revenue tariff.

Two questions then emerge: how much of the protected industry of Australia (£150 million) would live without protection; and would Australian industry generally, with decreased price levels, expand enough to provide the same income per head of the population as the present system does? The report estimates that half the existing production could live without protection. The net value of the doomed half (£75 million) less excess costs due to the tariff (£28 million) is taken as £47 million. The question then becomes this: Could Australian export industries under free trade have expanded enough to produce £47 million more than they now produce? The authors are not optimistic. They allow £5 million for wool, £9 million for minerals, and £3 million for other exports. This leaves £30 million to be made up, with wheat alone to do it. It would mean a doubling of the present wheat area under the stimulus of lower costs,

which would yield to the producer the equivalent of an additional 6d. per bushel. This the authors consider "very unlikely" in view of the effect of increased export upon world prices, and in view of the quality of the land not now under cultivation.

Moreover, the report states, with free trade the national income would have been more unequally distributed, but it is admitted that the consequences of this cannot be judged with any certainty. The tariff has, in effect, subsidised industrial employment at the expense of land values. And it has increased the diversity of industries, and so made the national income more stable than if it had depended more upon seasonal fluctuations and overseas markets.

In reviewing this first section of the report, it may be said that its conclusions are highly tentative. The method of approach is novel and unproven. The data are selected. The results in some parts of the enquiry seem to contradict the findings in other parts. But it must be remembered that the authors had to make their own method, and select their own data. Yet, at the same time, it ought to be emphasised that this first section of the report is qualified and tentative, and subject to revision. Politicians and manufacturers will do the cause of independent economic enquiry a grave disservice if they go about quoting this part of the report's findings as confirmed and immutable.

In the second section of their enquiry, the authors are, as they admit, on firmer ground, because the facts of the situation are more patent, and in this section they will probably meet with more general agreement from disinterested critics. The tariff has increased the proportion of customs to total taxation beyond the limits economically desirable. As the tariff grows, its costs overtake its benefits. It has stimulated the demand—never latent in Australia—for government assistance of all kinds. Further increase may threaten the standard of living. Therefore, no extension of the tariff should be made without the most

rigorous scrutiny of the industries concerned and the costs involved. The report suggests tests to be applied to examine the suitability of applicant industries for protection. It recommends bounties as being preferable to duties on all grounds, save those of political expediency. With regard to wages and protection, it points out that high labour costs may be due to bad organisation as much as to high rates. But the only standard of living that a tariff can protect is one which the resources of the country can provide. The authors regard the existing union of interest between the Treasury and the protected industries as bad, since it exempts Governments from the responsibility of raising income from direct taxation. Again and again the report urges that full information of costs and profits should be available to the Tariff Board. Light, it seems, is still the best policeman, *e.g.*, "We see no escape from an enquiry into the conditions of each industry." In view of the natural reluctance of employers to disclose such information, this seems a vain hope at present. Nevertheless, it is well said.

The report finishes with a repetition of its main conclusions, which are as follows :—

(1) The evidence available does not support the contention that Australia could have maintained its present population at a higher standard of living under free trade.

(2) Some applications and extensions of protection have been wasteful, and cost more than the benefits gained.

(3) The evidence available does not justify more precise statements on these two questions—the benefits of protection as a whole, and the extent of its excesses.

These are surely guarded enough. But there will be a good deal of comment on the fact that certain findings reached in the body of the report do not square with these main conclusions. Nevertheless, they are what the authors chose as their main conclusions, and it is to all of them, in their totality, that attention ought to be paid.

The Tariff Report

The report deals with the tariff from an economic viewpoint. No attempt is made to evaluate protection from a political standpoint. There are no arguments about the necessity of population for defence purposes, the political wisdom of a diversity of industries, nor the necessity of self-sufficiency. Nowhere does the report suggest any sudden changes in national policy. The economic structure of the nation being what it is, only very gradual adjustments can be made without a great deal of industrial dislocation and suffering.

The composition of the Committee (whose services were given gratuitously) is noteworthy. It contained three professional economists, one professional statistician, and a man with both academic and business training. Following upon the appointment of three economists as a commission to report on the Queensland basic wage in 1925, this appears to suggest that the academic expert is beginning to be recognised in Australia. This conclusion is strengthened by the recent appointment of one of the Tariff Committee to the position of Economist to the Australian Overseas Transport Association. These things are welcome evidence that Australia has not been unmindful of the attitude of Great Britain and of the United States in this regard.

The reception of the report was, as might be expected, curiously mixed. It attracted a great deal of attention, and was, for a fortnight, the " best seller " in the Australian book market. The press of the various capitals, true to type, selected for emphasis whatever part of the report suited their policy. In this way it was easy for all sections to agree that it was " epoch making," " unprecedented," " invaluable," " singular " and " remarkable." The protectionist Melbourne *Age* starred it as " national policy vindicated " (emphasising Part I); the Melbourne *Argus* as " medicine for fanatics " (emphasising Part II). The press of South Australia and Western Australia stressed the " dangerously high cost of protection," and underlined the finding that the burden of protection fell mainly upon

the export industries. So did the Brisbane *Courier*, without, however, mentioning sugar. The Hobart *Mercury*, approving of the criticism of protection, flatly contradicted the assertion that free trade would not have provided a higher standard of living for the existing population. The Sydney *Herald* contented itself with commenting on the cost of protection and approving the suggestions for its future administration.

The public reacted to the report in somewhat the same fashion as the press. The importers and manufacturers, by conveniently ignoring what they did not approve, both found in it a justification of their contentions. There were of course the usual number of business men who refused to be interested in any such academic inquiry, affecting to sneer, with Fenton, at "scholars who be hoodwinkt and brought up within the walks of a colledge."

Upon the Government, the effect has been harder to discern. The Minister for Customs has since said at Brisbane that, despite the report, when an industry was protected in some parts, it was "impracticable and undesirable" for a Government to refuse to extend protection to other parts. Mr. Bruce, however, told a Sydney audience that the Cabinet "would bring down no new tariff schedule unless well satisfied that the increases were for the general good."

Subsequently, the Government, faced with a deficit, brought down a schedule of tariff increases which were all of a revenue nature. Higher duties were placed on spirits, wines, silks, precious stones, foreign films, foreign motor chassis, and tobacco, together with an additional excise on beer and spirits. A supertax of 10 per cent. upon incomes over £2,000 a year was also announced. This is in consonance with the report's recommendations that revenue duties might be extended, with an equivalent increase in direct taxation. How far the Government has been influenced by the report is not known. At all events, it has turned a deaf ear to the somewhat

plaintive warning of the authors of the report to the effect that 40 per cent. of customs and excise revenue is being furnished by tobacco and alcohol, which is perhaps more than "a broad view of luxury expenditure would justify."

II. Federal Chronicle

ALL efforts to reopen the northern coal mines in New South Wales* have so far failed. Public opinion has not been brought urgently to bear on the parties, because the other mines are still at work and because considerable quantities of coal have been imported from overseas, and the public has not suffered much inconvenience. The dispute demonstrates the failure of leadership in Australian industry. It has also had important political repercussions. In March, the Government announced that Mr. John Brown, one of the wealthiest colliery owners, would be prosecuted on a charge of having caused a lock-out. This gave general satisfaction, as showing the Government's determination to be impartial in enforcing industrial law. In April, however, it was hoped that a coal conference in Canberra might result in the reopening of the mines. The only obstacle was understood to be the not unreasonable reluctance of the owners to make disclosures in conference which might later be used against them in the courts on lock-out charges. Accordingly, Mr. Bruce announced that the Government would not proceed with the prosecution of Mr. Brown. In the event, the conference proved abortive, and Mr. Bruce's action succeeded only in bringing odium upon the Government. It exposed the Government to the charge (as Mr. Bruce had, of course, realised) of having "one law for the coal baron and another for the worker." Ministerialists regarded it generally with misgiving and Opposition supporters with indignation. When

* See The Round Table, No. 75, June 1929, pp. 637–639.

Parliament re-assembled in August, the Opposition made the withdrawal the foundation of a vote of want of confidence, on which four non-Labour members voted against the Government. Mr. Bruce succeeded in vindicating his good faith, but widespread dissatisfaction remains.

The timber strike* still drags on wearily in Sydney, with the strikers in a losing position. In Melbourne it was settled in June, the men gaining some concessions but resuming work substantially on the terms of the Court's award. The settlement pointed clearly to the need of a system of industrial regulation which should throw on the representatives of the industry itself the primary responsibility for settling their differences. The serious issue was whether the hours should be 48, as in the new award, or 44 as in the old. The men finally went back to a 48-hour week, on condition that a selected accountant should immediately investigate the ability of the industry to maintain a 44-hour week, that pending his report the employers should pay into a trust fund a sum equal to the earnings of the four hours in dispute, and that if after the report the industry reverts to a 44-hour week the fund should be distributed among the employees. This is the kind of solution that reasonable men in the habit of regular consultation upon the affairs of the industry might have accepted easily at the very beginning.

Australia has taken a rather apprehensive interest in the policy of Mr. MacDonald's Government. On the proposal to renew diplomatic relations with Russia, the Commonwealth Government not only urged that the outstanding questions should be settled before normal relations were restored but—as the Prime Minister told the House—" indicated that, unless satisfied that there were safeguards against the dissemination of Bolshevik propaganda in Australia, we should not be prepared to receive a representative of the Soviet Government." To

* See The Round Table, No. 76, September 1929, pp. 853–858.

the British proposals concerning an agreement with Egypt, the Commonwealth Government's reply was still more independent.

> The British Government (said Mr. Bruce) is quite satisfied that adequate provision for the protection of the Canal is assured under the heads of the agreement submitted, but the Australian Government is not yet completely satisfied on the point. We are prepared to acquiesce in the making of a treaty; but only subject to our final determination that the provision for the protection of the Canal is absolutely satisfactory and adequate.

Mr. Bruce was—not unnaturally—asked the awkward question, "suppose the Commonwealth Government did not consider the provision adequate?" He side-stepped it, referring to the "wise and reasonable view of the situation" taken by the British Government. This means that Australia trusts Great Britain not to make any settlement in Egypt which does not adequately safeguard the vital interests of Australia, as envisaged by the Australian Government. The incident illustrates neatly the difficulties of the working hypothesis of 1926.

Again, when the Chancellor of the Exchequer expressed in July his hope that before he left office all food duties would have been swept away, including those on sugar and on dried fruits (which involve Imperial preference), the Commonwealth strongly urged that no move should be made against preference, at any rate until after the Imperial Conference in 1930. Imperial preference is one of the most cherished articles of Mr. Bruce's political faith, and its immediate abolition would retard a little Australia's economic recovery. But the importance of the preference has been greatly exaggerated by interested persons, and Australians tend to forget that preference on sugar and on dried fruits has buttressed the most wildly uneconomic production in Australia. Finally, Australia's attitude towards and eventual signature of the "optional clause" of the Statute of the World Court

must be merely recorded here, to be discussed in a subsequent number.

The year ending on June 30 last was a gloomy one throughout the Commonwealth. Deficits were sustained everywhere, though nominal surpluses appeared in New South Wales and Victoria. The Commonwealth deficit was £2,358,975. Expenditure barely exceeded the estimate, but revenue fell short by some £2,200,000, owing entirely to the failure of customs receipts to expand as Dr. Page had hoped after a relatively lean year. Receipts were actually £40,000 less than in the previous year. A "trust to luck budget" it was called a year ago, and luck turned against it, as many had prophesied. Falling prices in the world market for wheat and wool have especially operated to check the return of prosperity. Faced, therefore, with an accumulated deficit for the past two years of five million pounds, Dr. Page was forced to bring in financial proposals for 1929-30 involving both reduced expenditure and increased taxation.

Expenditure from revenue is estimated for 1929-30 at £63,837,102—some £38,000 more than the actual expenditure last year. Tasmania's grant is to be increased by £30,000 to £250,000, and £360,000 is proposed for South Australia. The South Australian Disabilities Commission* recommended a grant of £1,000,000 spread over two years, but in view of its financial difficulties the Federal Government has decided to spread the amount over three years. Against these increases, there have been some reductions, notably about £290,000 on defence. This year, the Government would normally have embarked upon the three years' development programme for the air force, recommended recently by Air-Marshal Sir John Salmond. Not only has this been deferred, but expenditure in other directions, mainly in the naval services, has been sensibly curtailed. This decision has occasioned much adverse press comment. But both the Prime Minister and the

* See The Round Table, No. 76, September 1929, pp. 861–863.

Treasurer have stated positively that the reductions are not such as seriously to impair efficiency or permanently to affect the basic organisations. To cover this expenditure and to provide a surplus of £360,898, some fresh taxation has been proposed, the details of which are summarised elsewhere in this number. Dr. Page also proposes to treat as income and apply towards liquidating the deficit a sum of about £1,200,000 arising out of war-time expropriations which the Solicitor-General has advised need not be accounted for as reparation receipts.

Expenditure from loans should be added to these figures. The loan estimates last year provided for an expenditure of £9,034,375, but the actual expenditure was 15 per cent. less, amounting only to £7,635,347. The new budget reflects both the advice of the British Economic Mission and the disturbed financial conditions in London and New York. The estimated loan expenditure for 1929-30 is only £5,085,645—a decrease of 33 per cent. from the actual expenditure last year. In addition, however, the Commonwealth has agreed to relieve the States of about £2,600,000, in respect of losses on soldier land settlement. During the war, the States refused to hand over to the Commonwealth the control of soldier settlement, but the Commonwealth did contribute financially. The States have suffered heavy losses, amounting to some £23 million, of which the Commonwealth has already paid about £9¾ million. The Government has now accepted the recommendation of Mr. Justice Pike, of the New South Wales Land Court, who investigated the whole position, that though the Commonwealth was under no legal obligation, it should now accept responsibility for half the total losses, contingent on the adoption of a satisfactory policy by the States.

The Australian Loan Council, operating under the new financial agreement, has already justified its existence. It is probably not too much to say that without such concerted action the seven Governments would never have ventured on the heroic measures of retrenchment which have now

been adopted. Detailed figures are not available, but Dr. Page gave the House a significant outline of events.

> The Loan Council met in May and at once realised that financial conditions made smaller government programmes inevitable. In August the Loan Council again met, and in the light of existing financial conditions decided on a further drastic reduction of 20 per cent. in the already curtailed programmes. This involves much lower expenditure on very desirable though not imperatively necessary services.

This is a hard road to prosperity, since its first effect will be to reduce the volume of employment and also the volume of imports. But the financial difficulties may be gauged from the fact that the Commonwealth has recently had to raise £5,000,000 in London by means of 6 per cent. twelve month Treasury Bills, the actual rate of interest to the investor being £6 11s. per cent.

When Parliament re-assembled, Mr. Bruce brought in a Bill to implement his promise to the Premiers*, that the Commonwealth would withdraw from industrial regulation except in the maritime industries. A political crisis ensued. The Bill just scraped through the second reading stage, and in committee Mr. Hughes moved an amendment that further consideration be deferred until the people had been consulted. The amendment received support from some non-Labour members, and was carried by one vote against the Government. Mr. Bruce asked for, and was granted, a dissolution of the House. The Government has gone to the country on the arbitration issue alone, polling day being October 12.

The welter of public discussion has been indescribable, and political consistency has been thrown to the winds. But it is now possible to state the position clearly. The real issue is not between industrial regulation and *laissez faire*, nor between the rule of law and the rule of trade union leaders, nor even (though this is incidentally involved)

* See The Round Table, No. 76, September 1929, pp. 858–860.

between a unified and a divided control of industrial relations. It is between the system of regulation provided by the federal Court of Conciliation and Arbitration on the one hand, and a system on the other hand in which employer and employee are continuously and responsibly associated in the task of determining conditions in industry.

The Government's case is simply that Australia stands imperatively in need of the latter kind of system. Scarcely a soul in the Commonwealth would in fact now be found to take a different view, though opinion differs as to how much of the legal element should be retained in the background. It is not maintained by the Government that the Commonwealth Court has failed altogether, though in the last two years it certainly has failed either to prevent or to settle the major industrial disputes. But the Court is established under a constitutional power to make laws with respect to " conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one State." As judicially interpreted, this power will not cover conciliation machinery apart from an existing dispute, e.g., machinery for continuous consultation in an industry; inevitably, conciliation has occupied a secondary place; responsibility has been shifted from industry to a bench of Judges, and proceedings have been dominated by legalistic notions throughout. As a matter of constitutional law, therefore, the Commonwealth cannot establish the better system that Australia needs. Federal Governments have tried fruitlessly to obtain fuller powers, Mr. Bruce so recently as 1926. The States, however, have unrestricted powers to deal with industrial relations, and can set up any system they like. Regulation must therefore be left entirely to them.

This seems so logical and reasonable as to be irresistible, even by those—like Mr. Bruce himself, at any rate until very recently—who in general believe that industrial regulation should be altogether in Commonwealth hands. On what grounds therefore is the Government now

opposed ? First, it is charged by Labour with conspiring to plunge the workers back into *laissez faire*. The Prime Minister has indeed spoken of the reduction in costs which would follow the adoption of a more flexible and peaceful method of industrial regulation. But the Government's proposals for the maritime industries seem quite to dispose of this part of the Opposition's case. There, the Constitution confers on the Commonwealth full powers to make laws with respect to " trade and commerce with other countries and among the States." The Government proposes to use them to set up committees on the wages board principle (equal numbers of employers and employed, with an independent chairman) to make determinations subject to judicial boards of review. It is an attempt to graft the primary responsibility of the industry itself on to the best features of the characteristically Australian view that industrial relations should be a " province for law and order."

Secondly, it is urged by Labour, and by some Ministerialists too, that so far as industrial peace is concerned, the remedy now proposed is likely to prove worse than the disease. Except in Victoria and Tasmania, the State systems are scarcely less rigid and legalistic than the Commonwealth system has been. The States have begun to review their machinery, and will presumably make great improvements. But Australia has become very much more of an economic unit since Federation ; the trade unions to in many industries are now organised on an inter-State basis. The attempt to deal with such conditions on a purely State basis may lead again, as in the past, to serious industrial trouble. Unless the States will co-operate fully trouble is inevitable. This is the really solid ground of attack on the Government's policy.

To it, the precipitancy of the Government has added a third. The decision to withdraw from industrial regulation came as a bolt from the blue to the Australian people. The Prime Minister did indeed speak in his policy speech

a year ago about reconsidering the position, if the amending Arbitration Act of 1928 failed to secure industrial peace. But one swallow does not make a summer, and so recently as March last Mr. Bruce told the House that the Government did not propose to take any steps towards abolishing the Court. The issue presented to the Premiers during the recess was entirely new. True, the people had refused to extend federal powers, but the understanding had always been that the Commonwealth would go on with the powers it had. The people had never had to face the question—"will you give us more powers, realising that if you refuse we will no longer exercise the powers we have?" It might have been wise both to educate and to test opinion on such a reversal of the settled policy of a generation, if necessary by a referendum, as Mr. Hughes did during the war upon the conscription issue. Mr. Bruce has taken the path of a bolder leader. But in many quarters it is doubted whether the urgency is great enough to justify such a step. A long transitional period will in any case be necessary.

The election itself will be discussed in the next number. But some of the factors which may affect the result ought now to be mentioned. The Government's financial record will tell against it, and the amusement interests are conducting a deplorable campaign against the proposed taxation. Many trade unionists too, who ordinarily vote Nationalist but who are contented with the awards of the Court, may this time join the Opposition. On the other hand, the positive policy of Labour is disappointing. It has no more affection for the Court than has the Government. It is fresh from encouraging the timber workers in their defiance of awards. It is pledged to replace the Court with a system very like that now proposed for the maritime industries. But over any such solution the Constitution throws the dark shadow of futility. In such circumstances prophecy is unprofitable.

Australia,
September 26, 1929.

Australia

NOTE

The general election held in October resulted in the defeat of Mr. Bruce's Government, Mr. Bruce himself and several of his Ministers losing their seats.

The state of parties in the new Parliament is :—

Labour	46	Country party ..	10
Nationalists ..	14	Independents ..	5

Mr. Scullin, as the leader of the Labour party, has taken office as Prime Minister in a purely Labour Administration.—EDITOR.

SOUTH AFRICA

I. Customs Conference with Rhodesia

FOR the past twenty-five years Rhodesia has been a member of a customs union which included the Union and other British territories in South Africa. In terms of this agreement customs are collected at the Union ports and the proceeds of goods consigned direct to Rhodesia are paid to the Rhodesian Government. In addition, a sum of £125,000 per annum is paid by the Union Government to cover consignments to Rhodesia by merchants and manufacturers in the Union; this sum represents the duties paid on these goods, or on the raw materials out of which they have been made, when they entered the Union. The only other channel of entry to Rhodesia is through Beira, and there the Rhodesian Government levies a similar tariff to that of the Union.

The agreement was last renewed in 1925, and a new clause was then introduced imposing an embargo on the entry of Rhodesian cattle into the Union if under 1,000 lbs. live weight. This embargo was introduced in the interests of Union cattle breeders, who claimed that imported low-grade stock depressed prices in local markets. In spite of this restriction, Rhodesia has sent a large number of high-grade stock into the Union, and the cattle farmers have been calling for more drastic restriction. The Union Government has, however, refused to accede to this request and has not asked for a more extensive embargo.

Since 1925 the Union has altered the basis of its tariff. Instead of being designed merely to raise revenue, it is now on a protective basis, and is intended to help local manufacturers as far as possible. Duties are high on everything which the country can manufacture, but raw materials for industry pay a low duty or enter free. The general level of the tariff is about 12 per cent. on the value of goods actually imported, but the sum payable by the Union Government to the Rhodesian Government is roughly 6 per cent. of the value of goods exported from the Union to Rhodesia. In effect, therefore, Rhodesia has been granting a substantial preference to South African manufacturers such as they enjoy in their home markets.

The Union's new tariff materially reduced the extent of the preference which had been granted in 1925 to goods from the United Kingdom and other parts of the Empire. In 1928 the Union concluded a commercial treaty with Germany which contained the provision that Germany should share in any extension of the Imperial preference as it then existed. These factors, it is said, caused some irritation in Rhodesia, where there is a strong sentiment in favour of Imperial preference—perhaps stimulated by reaction from South African nationalism. This situation has not affected the present deadlock but may influence future developments.

Since 1925 trade between the Union and Rhodesia has expanded considerably, but a very large balance of payments is due to the Union. The Rhodesian Government considered that the customs agreement should be recast to give it a larger revenue, and in particular that the amount of £125,000 payable by the Union should be increased to about £200,000—which would be an increase from 6 per cent. to 9 per cent. on the value of the Union exports.

Exact figures have not been published by either Government, but it seems that the Rhodesian Government's demands would mean that Union exports would pay a

higher duty to the Rhodesian Government than the constituent materials pay to the Union Government when they enter the Union; that is to say, the Rhodesian Government virtually demanded a tariff against South African goods, and its request was inconsistent with the maintenance of free trade between the two countries.

A conference was held between the two Governments in Pretoria during September, but this broke down. In the absence of some new agreement free trade between the Union and the north will cease at the end of this year.

Statements issued by the respective Governments and by Ministers since the breakdown of the conference all pay tribute to the desire to maintain free trade, but the actual proposals which were made by each side show that neither party was really willing to maintain a free exchange of goods. The conference did not break down on the cattle embargo—the first breach in freedom of trade—nor on any question of external tariffs, as the Union Government offered to collect for Rhodesia any extra tariff it desired on any article. The stumbling-block was the fact that neither Government was really willing to maintain free trade.

There has been very great over-production of tobacco in the last two years both in Rhodesia and in the Union. The greater part of the Rhodesian crop is sent to the Union for manufacture, where part of it is necessary for blending with Union tobacco. This crop enters the Union free of duty and, encouraged by the example of the cattle farmers, the Union producers have been calling for an embargo on Rhodesian tobacco. At the conference the Union Government accordingly proposed that imports from Rhodesia should be restricted to 2,500,000 lbs. yearly, and after two years to 2,000,000 lbs., and that any excess should pay a duty of 3d. per lb. As the value of the tobacco is about 8d. per lb., this duty would give substantial protection to the Union grower.

The duty on tobacco imported from outside the customs union is intended to be altogether prohibitive. The amount

payable on even the restricted import which the Union Government was prepared to allow from Rhodesia would be £420,000. The Union representatives therefore argued that in allowing importation into the Union at less than tariff rates, the Union was conferring a substantial benefit on Rhodesia, and as compensation the Rhodesian Government should abate its demands for a 9 per cent. payment on Union exports. The Union was prepared to increase the payment to 7 per cent., but not further.

It is clear that both countries are trying to protect their primary producers, and also desire to encourage secondary industries, and in the absence of any political tie agreement must be very difficult to arrive at. But matters can hardly continue as they stand. If the customs union ends, the Rhodesian tobacco growers will be deprived of their chief market, as only the minimum amount necessary will be imported by the Union over its prohibitive tariff. The Union will be inclined to give a readier ear to the cattle farmers' demand for a complete embargo on slaughter cattle.

On the other hand, the Union Government has embarked on a policy of encouraging local manufacturers. Manufacturing industry in the Union labours under difficulties owing to the small white population. There is little chance of success, if production is to be upon a reasonably large scale, unless articles are produced which can either be sold to natives or exported. Rhodesia has hitherto been the best export market, as lines of trade pass through the Union, and there has lately been great expansion both in Southern and in Northern Rhodesia. In addition, this market has given a preference to Union goods. If a tariff is set up, Union goods will have to compete on their merits with goods from overseas and, besides bearing the Rhodesian tariff, will have to bear the Union duties on the constituent materials and the high costs of production due to a protective tariff.

At the present time Northern Rhodesia is on the verge of

enormous expansion as a copper producer. The Union is the nearest industrial centre, and should be in a better position to supply many classes of goods than oversea centres. In addition, the Union is setting up, with Government capital, a large iron and steel plant at Pretoria, and it is doubtful whether this plant can work at a profit unless it exports a considerable amount of its products.

It is clear, therefore, that the Union Government must use every effort to preserve the preferred market for its manufactured exports. Rhodesia is very slightly developed industrially, and depends mainly on its primary industries of mining, cattle raising and maize and tobacco growing. The Union is one of its chief markets, not for minerals or maize, but for cattle and tobacco. A prohibitive tariff will, therefore, hit Rhodesia very severely. The general sentiment of both countries is favourable to free trade between them, but once tariffs are set up this may change. Rhodesia has more to gain by not adopting the Union's tariff than by accepting this tariff—if it can find alternative markets for tobacco and cattle—as a protective tariff means a higher cost of living to primary producers.

II. Railway Rates and Road Competition

IT is a commonplace that railway development at once sets the pace and records the extent of economic progress in South Africa during the fifty years preceding Union. The railways quickened and strengthened the pulse of the country's activity. Henceforward the achievements of years could be equalled in months, and the scope of economic possibilities was enormously extended. Those who knew South Africa before the railways had come tell their children to-day that the span of human life has been lengthened four or five times in opportunity for achievement. The railways, then, have opened up the country, invariably quickened and almost invariably cheapened communication. Not invariably cheapened, for from the

earliest days anxiety to make the railways pay has occasionally led to attempts to penalise if not to suppress alternative means of transport, which, being preferred by the public, have secured or retained traffic that otherwise, if indeed it moved at all, would have had to go by rail.

In the early days, the ox-wagon held its own against the new rival with remarkable vigour in those districts in which pasture was ample and going comparatively easy, for part of the traffic had little value and could afford to go slowly. A privately owned railway, without political support, could take up only two possible attitudes to such competition; it could either improve its service and lower its rates to the extent that it was prepared to forgo profits or able to charge the extra costs against other traffic, or, alternatively, it could decide to leave such traffic to the ox-wagon. The Cape Government Railways in their early years experienced severe competition from ox-wagons on the eastern system (northward towards the diamond fields from East London), and met it to some extent by charging very low rates in comparison with those ruling in the western and midland systems. In that way the community in general secured the full benefits from the improved transport. But railways which enjoy the privilege of government operation and favour are prone to subordinate the real purpose of their existence to the increase of their own prosperity, and special taxes on ox-wagons, to say nothing of neglect of road construction and maintenance, were not unknown. For some of the population, in consequence, the coming of the railways meant that they either had actually to pay more for transport of their goods or were in part prevented by the cost from moving them at all. Railway construction was pushed on through sparsely populated districts at a rate that was not remunerative. The capital was raised by government loans, and it is not to be wondered at that, in their anxiety to cover the interest charges from railway earnings, managements carried their efforts to secure the maximum

traffic for the railways in some cases to unreasonable lengths.

To-day the railways are once more confronted with growing competition, mainly from road transport; but now it is competition in facilities as well as in price. No longer is it merely a case of a few traders weighing lower rates against slower transport and choosing the ox-wagon. For certain traffic a larger section of the public is weighing the advantages of lower rates and a more efficient service on improved roads against railway delays and formalities, and it is choosing the motor lorry, the motor-car or the bus. If time is really important it may indeed choose the air. The position of the railways has been made more difficult in two ways. The public, through Parliament, is no longer willing to suppress the competition, no matter how frequently it is told that the railways which are being ruined are its own property. It has learned to scrap the bicycle for the motor-car, and if the advantages of using the new competitors are clear, it is prepared to see the scope of the railways very considerably reduced, rather than be denied the most suitable transport facilities that may offer. Moreover, Parliamentary control has distorted rate policy and reduced operating efficiency to such an extent that the railways lack the capacity of privately run enterprise to meet the competition that has arisen. The traffic has changed in nature and direction, and the changes in the degree of discrimination in rates between different classes of goods and different lengths of journey have not met the new conditions. Competition has increased, and at the same time the railways' capacity to withstand it has been reduced by political policies which have contributed nothing to efficiency of operation.

Rate Policy

If one sought the keynote of railway rate policy in the four territories which now comprise the Union, it would probably be found in the idea of fixing rates for develop-

ment purposes rather than with the object of performing the greatest possible immediate service to the community. Its application has taken very varied and dubious forms, and at times under this all-embracing principle government policy has been forced upon the railways, in spite of strong and continued opposition from the management, in a manner that has contributed largely to present difficulties. An example which originated back in the nineteenth century and still persists in very pronounced form is the system of preferential rates on South African produce and manufactures as compared with imported goods of the same type. In the days of severe competition between the coastal colonies for the traffic to the Rand, these preferential rates were used in the endeavour to capture that market, despite the protests of the Transvaal at the higher cost of imported goods, and of the railway administrations at the loss of revenue involved. A Cape select committee of 1898 urged that the differential rates be abolished, that foodstuffs especially be carried at the lowest possible rates irrespective of origin, and that any protection desired be given through the customs. The Inter-Colonial Railway Conference at Pietermaritzburg in 1906 devoted days to an attempt to find a basis for equalising rates on South African and imported goods by the substitution, where necessary, of a customs tariff. Yet when Union came, the general manager of the South African railways was still faced by these preferential rates and was compelled to embody them in 1911 in the new rate classification, in spite of his protest that " the principle of preferential rates for South African articles is one which should, in my opinion, be entirely abolished. Whatever system of protection is decided upon, it should not be applied through the railways." The rates were so devised that the charges for South African goods to their destination did not exceed those for imported goods from the nearest port; since in the case of the coastal markets this would involve free conveyance to the port, the arrangement was subject

to a minimum rate per mile. The policy was designed to succeed irrespective of its effects on other rates, and it was extended during the war. When the slump came, bringing more intense competition from overseas, the railway administration early in 1921 extended the amount of preference given to South African products in order to retain the traffic, although the general manager still considered that " it is quite wrong to use railway rates as a medium of adjustment for protective purposes." In fact, of course, this practice involves at least one of two policies : either the charges on imported goods are unduly high, to the detriment of the South African consumers, or other traffic is being overcharged in order to pay the subsidy on the conveyance of South African produce, or both. It is a system which can survive indefinitely only if monopoly conditions obtain ; and the appearance of motor competition, taking exorbitantly rated traffic from the railways, is revealing its weaknesses.

A second example of the highly dubious application of the development principle is afforded by the branch lines, particularly as regards rate policy. On the Cape Government Railways, the management as early as 1901 endeavoured to reduce the heavy loss that would have resulted from applying ordinary main line rates, by substituting special tariffs which would " more nearly correspond to what the traffic will bear and to the average transportation rates obtaining prior to the advent of the railway until such time as the results of working warrant a reconsideration of the charges." It was emphasised that the smaller the loss per line, the greater the number of such lines that could be constructed, and the 1902 select committee confirmed that policy. But after the amalgamation of the South African railways at Union, the policy was reversed, special rates being abolished on the majority of existing lines and on all new lines opened after 1914, with the exception that on the higher rated goods the ordinary tariff rates are computed separately over the branches, so that the higher rates per

mile for short hauls apply. The compilation and publication of separate branch-line statistics was discontinued at about the same time and has not yet been fully renewed, so that the extent of the losses incurred on non-paying branch lines is largely a matter of conjecture. An estimate made from figures for four representative months of 1928, and published in the Report of the Railway Board for that year, put the loss at £589,000 per annum.

It is, however, the general features of the railway-rate classification which illustrate most strikingly the policy of development, applied almost without regard to the capacity of the railway administration to continue it. The first assimilated tariff-rate schedule for the railways after Union came into operation in 1911. There were fifteen classes, and, in the absence of sufficiently good roads to make serious competition possible, the monopoly position was used as an opportunity for exploiting the theory of "what the traffic will bear" in order to subsidise an extensive development policy. Tremendous reductions were made on agricultural produce and requirements, industrial materials, and export traffic. By 1916 the aggregate reductions since Union were estimated at £1,500,000 per annum. The Central South African Railway in 1909 had introduced into the two inland colonies a system of "distribution rates," charging on goods forwarded from inland centres a rate equal only to the difference between the rates from the port to the forwarding and destination stations, thus giving the short-haul inland traffic the full benefit of the "taper" in long distance rates. In 1911 that system was applied to the Union, on a scale which outweighed the gain to the railway from the better loads to distribution points, in order to develop trade and industry at inland centres.

Yet more remarkable than all of these was the general policy of subsidising the development of long-distance traffic at the expense of the short-haul and high-rated consignments. The 1911 classification and subsequent amend-

ments deliberately extended the application of rates per ton per mile, diminishing, as the length of haul increased, much more steeply than could be justified by the reduction in cost of carriage. Maximum flat rates were introduced for coal, native timber, minerals, fertilisers, maize and other grain, which were designed to develop, and undoubtedly succeeded in developing, long hauls—at the expense, be it noted, of other traffic. Maximum rates on export consignments of maize, fodder, fruit and wattle bark were fixed which were almost without equal in generosity throughout the world. On a thirty-ton truck fully laden, the receipts for a journey of 1,047 miles in 1916 were £9 for export fruit, £11 1s. 3d. for export forage, and £15 for export maize. Between 1918 and 1920, war increases were made in rates and fares equivalent to about 58 per cent. on all classes of traffic (or 42 per cent. if bunker coal is excluded), and a completely revised rates classification was adopted in October, 1920, which reduced the number of classes from fifteen to nine (now ten) and arranged the scales of rates and fares in zones. The subsequent reductions in rates as prices fell were confined to the low-rated agricultural and mineral traffic, and were spread over the longer-distance rates. Tariff 8 was reduced to tariff 9, the pre-war export rate of maize was reintroduced, industrial raw-material rates were lowered, and main-line passenger fares for long distances were cut by as much as 20 per cent. on 1,500 miles. Thus, although in the space of four years approximately £4 million of revenue were sacrificed in reductions of rates and fares, the general effect of the war increases and post-war reductions was to widen still further the discrimination between high-rated goods and agricultural and mineral traffic, and to subsidise still more highly the long-distance traffic at the expense of short-haul and high-rated consignments.

Whereas for short distances, rates on goods in the high-rated classes have increased since the beginning of the war by about 75 per cent., the rates on journeys of 1,500 miles

have barely increased at all, and for many commodities are actually lower than those charged in 1914. That eminent railway authority, the late Sir William Acworth, when reporting on Rhodesian railway rates in 1917–18, was confronted with a demand for long-distance rates on the lines of the Union schedule, and characterised them as "not only wrong in principle, but dangerous in railway practice." His plea that "a man is entitled at least to some portion of the advantage of his geographical situation" evoked from the general manager of the Union railways the retort that "the deliberate aim and object of modern transportation concerns in every part of the world is to overcome the disadvantages of geographical situation." In the Union the view has been adopted that, if the general costs of transport could not be reduced sufficiently to approach this ideal for all traffic, then the disadvantage of the distant supplier must be eliminated at the expense of other railway users. Once again, the policy involves discrimination which can be maintained only in the absence of competition. The extent of the spread in rates now prevailing between various classes can be gauged from the following examples. Some of the special maximum rates are, of course, much lower still on the long hauls.

	Miles			
	50	500	1,000	1,500
Rate	Pence per 100 lb.			
1	23	138	194	229
4	10	63	89	109
7	3·3	14	19·4	22·2
10	2·3	7·8	9	13·5

The Effects of Rate Policy

All these distinctive applications of the development principle on the South African railways—and the examples taken, South African produce rates, branch-line rates, distribution rates, wide discrimination between high and low-rated traffic, and encouragement of long-distance traffic, are typical rather than comprehensive—have the

common feature that they have been carried to a pitch such as no private railway would undertake without special subsidy. They have depended for their continuance upon the precarious foundation of a small proportion of the total traffic carried at rates which are fixed solely to extort the maximum immediate revenue. It has been customary to judge the success of the policy by the amount of development secured, without considering the effect on the penalised traffic, particularly the danger of its declining or being lost to competitors. Unfortunately, difficulties are not solved by ignoring them. In 1920 the railway reports began to refer to the change in the class of traffic carried; "while low-rated South African products have increased considerably, there has been a heavy decline in high-rated imported goods.... About 90 per cent. of the traffic now carried by rail is of South African origin, and over 90 per cent. of the total traffic is conveyed at very low rates." During last year, according to the Minister of Railways, 2,750,000 tons of high-rated goods brought in £19,000,000, while 19,000,000 tons of farm produce and similar low-rated traffic yielded only £7,000,000. The increase in low-rated traffic has, moreover, added considerably to the costs of working. Special handling facilities have been necessary, expensive rolling stock (powerful locomotives and larger wagons) and heavier track, involving heavier running costs and higher maintenance costs, while rates charged have, as we have seen, been reduced rather than raised. The penalisation of import traffic and subsidisation of exports had already in 1922 changed the whole direction of traffic: "in former years, thousands of trucks had to be worked empty to the ports to carry high-rated traffic to the interior. To-day... train loads of empty trucks are hauled daily from the ports to the interior to carry the low-rated export traffic in coal, grain, etc., that has been developed." The Railway Board Report for 1928 shows that for coal traffic alone "it is probably no exaggeration to say that not less

than 3,000,000 train miles are incurred annually in conveying empty trucks to the collieries." Rate policy and train operation could not have been more completely divorced from each other.

Road Motor Development

Rate policy alone is sufficient to explain the expansion of agricultural and mineral traffic, but the failure of the high-rated sections to maintain their former proportion is due to the weakening of the railway monopoly as well as to charges levied. Particularly since the war, the construction and improvement of roads in South Africa has for the first time been taken seriously in hand by the four provinces as the result of insistent demands from motor-car users. Aggregate expenditure on roads in the year 1915–16 was £389,827; in 1923–24, £937,781; and in 1926–27, £1,528,724. The producers of motor vehicles which are a match for indifferent roads have found a very ready market for their output in South Africa. The long-distance road tourist is no longer regarded as a pioneer, and it is not philanthropy which has induced the railway administration this year to lower the rate on motor-cars from Class I to Class II. Suburban roads in the main centres are, on the whole, excellent. The extent of this new competition with the railways can be gauged from the statistics of motor vehicles in the Union.

	1920	1922	1927	1929
Lorries and buses ..	1,010	1,729	8,897	11,672
Private cars	24,064	29,079	98,246	113,002
Motor cycles ..	14,924	14,574	32,250	34,164

The competition has affected both goods and passenger traffic, and in both cases, as will be realised from the foregoing discussion, the vulnerable point has been the short-distance journey. In Natal the passenger traffic has suffered between Durban and Pietermaritzburg and along the north and south coast; in the Transvaal, the suburbs of Pretoria and Johannesburg; and in Cape Province, East

London, Port Elizabeth, where the branch line to Walmer has been closed and replaced by a road motor service, and, most intensely of all, the Cape Town area. The Cape Town-Sea Point line, completed by a private company in 1889, has never been a success. By arrangement with the municipality, it was taken over and operated by the Government in 1905, but the loss continued despite very extensive expenditure on electrification in 1927. Its situation has been against it, and it was closed this year. At the moment, there is fierce competition between the railway and motor buses for suburban traffic to Wynberg and Bellville. For goods traffic, the competition is most keen from road motor companies operating in areas where there is a large distributing centre. From Cape Town, competition is felt as far afield as Piquetberg, Worcester and Bredasdorp; from Port Elizabeth to Uitenhage; and from Mossel Bay to Oudtshoorn. In Natal and the Transvaal it is the same, although not with equal severity. With the increase in the extent of motor competition, the demand has come from the railway administration for restriction, control, co-ordination and even nationalisation of road motor transport. The railways have made themselves dependent on the retention of the cream of the traffic, and the cream is fast disappearing.

Railway Handicaps

At the same time, the railway administration has been seriously hampered in its attempts to withstand competition by the adoption of national policies which have added to operating costs. The special rates which have already been described are all of this nature, and the cost has fallen upon a small section of the traffic. But there are other impositions of a political nature which have been forced upon the management and which have proved a tremendous burden. Temporary unemployment relief and the permanent substitution of European for non-European labour are two outstanding examples. Thus, in the early

stages of the post-war depression, the general manager of the railways protested strongly in his annual report against the charging of the additional expenditure involved in the employment of whites on constructional relief works against the railway funds. More serious, however, is the "civilised labour" policy. Before this matter became a burning political question, the former general manager in the course of a memorandum laid before the Railway commission of enquiry into labour matters in 1914, commented caustically upon a scheme of replacing coloured and native by white labour which had been commenced in 1908 and was costing in 1914 about £90,000 more per annum than native labour. "Such white labour does not and cannot displace native labour except at heavy additional cost." The policy of substituting white for native labour has been actively pursued since the change of government in 1924, and has formed the subject of strong comment by the controller and auditor general. In evidence to the Economic and Wage Commission of 1925, the general manager stated that "the policy of replacing natives by whites is being carried out wherever practicable, but with the higher standard of pay applicable to Europeans this policy is bound to have a very serious effect on the finances of the railways and harbours if carried too far." At the rates of pay decided upon for Europeans taken on under the new government policy of November 1924, he estimated an additional cost of £50 or £60 per man. In his recent book, *Railway Policy in South Africa*, Dr. S. H. Frankel suggests, without giving a detailed estimate, the figure of £300,000 per annum as the loss from the employment of white labour. The comparative numbers of staff of the systems now comprising the South African railways in December 1907, were: White, 19,968; coloured, 18,069. In March 1928, there were 56,833 Europeans and 37,939 non-Europeans employed by the railway administration.

Critical observers have repeatedly argued that these special rates and special employment policies, which are

imposed on the railway administration by the Government and which diminish earnings or raise costs of operation, are contrary to the terms of section 127 of the South Africa Act, which requires that " the railways, ports, and harbours of the Union shall be administered on business principles, due regard being had to agricultural and industrial development within the Union." It is urged that the estimated cost of every such policy imposed should be included under a separate heading in a special vote from the general revenues of the country, and debated annually in Parliament. It appears certain that unless some such action is taken the gradual loss of the penalised traffic, as competition increases or development is stifled, will leave the railways with an abundance of low-rated traffic and a deficit. Under the terms of the South Africa Act, the control and management of the railways is exercised through a railway board, consisting of three commissioners appointed by the Government, and the Minister of Railways as chairman. An excellent start was made by the appointment of two former general managers of South African railways to the office of commissioner, but difficulties were soon experienced in the definition of the board's powers, and the Railway Board Act of 1916 made it merely advisory to the Minister. Henceforward the office of commissioner was frankly regarded as a political appointment. The seriousness of the railway position has revived the question whether the relations of the administration to Parliament cannot now be improved. At the time of the issue of the Report of the Royal Commission on the Canadian Railways of 1917, the former general manager referred with enthusiasm in his annual report to the proposed Canadian system.

> In my opinion—and I feel strongly on the point—some such change is necessary with all State railways in democratic countries, but it seems as though very few countries are likely to depart from present methods until circumstances force them to do so, as in time, I think, they will.

Has the time come? In his recent book, Dr. Frankel makes the somewhat ambitious proposal that the ownership and management of the railways and harbours be transferred to a public and incorporated body of trustees, which shall be permanent and self-perpetuating, and constituted on the general lines of the many proposals of the late Sir William Acworth. As surely as the study of road competition leads inevitably to the study of railway-rate policy, so does an examination of railway-rate policy reveal this old problem of political control. It will have to be faced before the railways can be restored to health.

Yet, when all is said, the South African railways are still, and will long remain, indispensable to the country. Radical alterations are necessary, and the present general manager cannot at present echo with great confidence the words of his distinguished predecessor in 1918:—

> I am satisfied that the administration's rate policy, to which I have given much thought and consideration, has been abundantly justified by the beneficial and practical results achieved, and I shall not be dissuaded by theoretical or academic considerations from taking action calculated to stimulate agricultural and industrial development.

Competition has already stimulated thought and action to a striking degree. A merry fight is in progress for the short-haul traffic, special rates have recaptured part of what was lost, while special suburban fares, more frequent and rapid services on the electrified lines, the elimination of irritating delays and the improvement of rolling stock have revived the interest of suburban dwellers in the train service. The railway administration itself has entered the field of road transport, as many as 198 services running in 1928 over a route-mileage of 8,978, carrying a million passengers and 100,000 tons of goods during the year. After an interval of seventeen years, a welcome return has been made to the collection and analysis of ton-mile statistics, the indispensable apparatus of the twentieth-century operating officer. The new light which

these statistics will throw on railway operation may well reveal the way to economies not hitherto dreamed of. A departmental commission of railway officers and representatives of railway users has spent this year in investigating the problem of road motor competition and taking evidence throughout the country with a view to suggesting measures for "better regulation, co-ordination, and control in the public interest." In the present month the press announces that the railway administration has decided to review its general railway-rate policy, and that the Minister has invited the central organisations of agricultural, commercial, industrial and mining interests to express their considered views as to desirable changes in railway-tariff policy as a basis for subsequent discussions. If the administration fails now to put its rates in order, it will not be for lack of desire on the part of its officers or for lack of information from the public. The responsibility of the Government in this matter is great. It may be that out of these discussions will emerge proposals for more frequent, and regularly recurring conferences between traders and the administration. Even a rates tribunal may not be regarded as impossible. The possibilities are certainly worth exploring.

South Africa.
October 18, 1929.

NEW ZEALAND: THE PARLIAMENTARY SESSION

I.

THE twenty-third Parliament of New Zealand opened on June 27. The legislative programme outlined in the Governor-General's speech included "some adjustments of the incidence of taxation," proposals to restore "the financial status of the State superannuation funds," the establishment of a department of transport and of highways boards for the North and South Islands, amendments to the compulsory clauses of the Land for Settlement Act, and a Bill dealing with relief of unemployment. Parliament would be asked to provide funds in order to prepare the undeveloped Crown lands of the Dominion for settlement, and to assist settlers on Crown and settlement lands in the early stages of development. Proposals would also be made for the settlement of large areas of pumice lands. Select committees would enquire how the Dominion could be made to produce sufficient wheat for the requirements of the population and what changes were needed in our State system of education in order to give it an agricultural bias.

The first Imprest Supply Bill was used by the members of the Labour party to focus the attention of the House of Representatives on unemployment. The debate and the declaration of policy by Mr. Ransom, the Minister of Public Works, disclosed the paradoxical situation that the Minister was turning adrift from the Public Works Depart-

ment men who had been engaged for a considerable time, earned good wages and given satisfaction, in order to replace them by the unemployed. Despite the Prime Minister's contentions that before the winter was over he expected to have the problem of unemployment well in hand, and that if the Government policy of railway construction were adopted they could employ within the next three or four months between four and five thousand additional men, it was evident that, if the Prime Minister was to retain Labour support, he must promptly translate words into action and infuse a fresh spirit into the Public Works Department and the Minister in charge of it.

The returns show a steady increase over four years in the number of unemployed notwithstanding a similar increase during the same period in the numbers employed on public works. Since 1926 the number of men engaged on ordinary public works and on relief works has risen from 9,000 to over 14,000—a figure unprecedented in the history of the Dominion. Yet the average weekly numbers on the unemployed registers have been:—1926, 1,196; 1927, 1,982; 1928, 2,504; and 1929, 2,975.

The long-winded, rambling and irrelevant talking—it could not be called a debate—on the address in reply lasted from July 3 to 25. The leader of the Labour party, Mr. H. E. Holland, pointed out that no vote of want of confidence was contemplated and that the debate could only resolve itself into a series of discussions ranging over subjects, all of which would be covered by Government Bills. He therefore proposed to the Prime Minister and the leader of the Opposition to proceed at once to consideration of the Government's legislative programme. The appeal was in vain. While the members of the Labour party preserved an honourable silence, the representatives of the other two parties wasted the country's time and money in a series of discursive speeches extending from apprentices and apricots to Japanese onions and the treaty of Waitangi.

New Zealand: The Parliamentary Session

Sir Apirana Ngata, the first Minister for Native Affairs representing a Maori community, made a picturesque survey of the present condition of his people and their problems. He said that while he would be expected to deal out justice, as far as was humanly possible, to the two races which live so happily together in this country, it would also be his duty to emphasise those elements in the native problems which in the opinion of the Maoris had not received proper emphasis in the past. The Maoris, he said, although unemployment had brought about distressful conditions among them, uncomplainingly stepped back half a generation, tightened their belts, and returned to the natural food resources of their race, fish and shell fish along the coasts, and fresh water fish inland. While optimistic as to the physique and spirit of the present generation of Maoris, of which the country should be proud, and as to the attempts of the Maoris to adapt themselves to farming and their response to the claims of civilisation in those districts where native schools have been active, the Minister stated his intention of employing the officers of the Native Department to make a quiet but complete survey of the Maori people and of their living conditions, which in many cases, and especially amongst the Waikato tribe, were unsatisfactory. "The policy of the Young Maori party," he concluded, "ever since I have been connected with it (and the speaker has been the breath of its nostrils), has been to welcome every factor that will compel the Maori in this country to work, and by work to achieve salvation."

Mr. Coates, the leader of the Opposition, could not resist the temptation to remind the House of the Government's pre-election promises.*

The Prime Minister, illustrating his predecessor's charge that the Government, finding it almost impossible to give effect to the promises made prior to the election, thought that the best course to follow was to find fault with the

* See THE ROUND TABLE, No. 74, March 1929, p. 446.

last Government, claimed that the Rotorua-Taupo railway* was a political railway, and based his charge on a letter on the file from a prominent Reform supporter in 1927, who complained that there was nothing on the estimates for the railway, as promised. Sir Joseph Ward maintained that he had raised as much of the seventy millions which he had promised as his time in office warranted. The reason for his failure to lend at $4\frac{3}{4}$ per cent. was that he had been kept off the London market for two years by the action of the former Minister of Finance, Mr. Downie Stewart, in agreeing not to go on that market for that period, which had altered the whole course Sir Joseph was pursuing at the time in connection with the finances of the country and compelled him to obtain the required money in New Zealand. Ever since the beginning of the year Sir Joseph has made mysterious allusions to the unexpected difficulty with which he was faced in the home money market, and at last he let the cat's whiskers out of the financial bag while obstinately refusing to reveal any more of the sacred animal. Mr. Stewart showed conclusively that Sir Joseph's statement was unjustified by facts. In 1928 when the late Government went on to the London market for their ordinary public works loan, they included a proposal to convert five millions of a loan of 29 millions falling due about the end of 1929. In the middle of the election campaign their London advisers cabled that the money market was likely to harden and recommended the conversion of a further part of the 29 millions, and also borrowing in anticipation of the requirements of 1929. Mr. Stewart subsequently confirmed by cable that the Government's decision would be in time if made before the end of January, in order that his successor might be unhampered. He also expressly drew Sir Joseph's attention to the fact that in making his loan proposals he must keep in mind this large conversion. He had thus not committed his successor in any way, but had left him a free

* See The Round Table, No. 76, September 1929, p. 897.

hand to decide what course to take. The London financial advisers were right, and the result of their proposal was that Sir Joseph, instead of waiting until April or May to borrow this year's requirements, borrowed in February.

Subsequently Sir Joseph stated that the period during which he had been excluded by the decision of his predecessor from borrowing on the London market was eighteen months instead of two years. In the course of the debate on the financial statement the matter came up more than once, the House growing more incensed against Sir Joseph each time. On August 30 Mr. Downie Stewart again called attention to the matter, pointing out that statements made by the Prime Minister were being telegraphed to London and might be prejudicial to the Dominion, because, as far as he knew, no Dominion had ever been in the position of not being able to go on the London money market. Mr. Stewart, who throughout has been temperate in his replies, now "handed it out" to Sir Joseph by stating that the latter's attitude to him in the matter was in line with the attitude he was adopting with the Cabinet in abandoning the old rule that every Minister speaks for the Cabinet, and the Cabinet is jointly and severally responsible for statements of Ministers. They had seen Minister after Minister disavowed by the Prime Minister and their statements negatived, and the public did not know whether or not Ministers made their statements as representing the Government. Stung by this attack, Sir Joseph added fuel to the flames by accusing his predecessor of neglecting the finances of the country during his electioneering. The temper of the House became heated, and the general feeling was that Sir Joseph, although he insisted that the matter was confidential, had told only half the story and should reveal the other half. Various suggestions were made, such as a reference to a secret committee of the House, a meeting of the Minister and ex-Minister of Finance to discuss the files which Sir Joseph maintained justified his charge, a reference to arbitration, a reference to the Public

Accounts Committee. Labour members, who have no interest in the matter except the wish to see fair play and a friendly feeling to the ex-Minister, who had been distinguished for his courtesy to, and human sympathy with, members of all parties, expressed themselves strongly, but Sir Joseph was obdurate, taking refuge in the confidential nature of the documents, the publication of which, he maintained, would prevent their ever borrowing in London again. Finally, the leader of the Opposition intimated that to test the feeling of the House he would move that the Public Accounts Committee should be asked to ascertain whether any undertaking was given not to go on the London market for eighteen months, and if so by whom and for what reason. A division, which might have been dangerous to the Government, was averted by the ruling of the Speaker that he could not accept the amendment in the form in which it was drafted because it contained an instruction to a select committee. The leader of the Opposition then announced that he would take another opportunity of ventilating the matter.

It is unfortunate that a veteran statesman like Sir Joseph Ward, to whom the members of the opposing parties had expressed genuine offers of goodwill and co-operation, should alienate the sympathy of the House. Signs of the general restiveness were declarations by Mr. Rushworth that unless the Government tackled the main problem and dealt with it honestly and seriously, they must have a short life, and by Mr. Barnard that, if the Government failed to carry out their promises, swift political ruin must be their fate.

The intimation by Mr. Wilford, the Minister of Justice, on September 3, that the Government did not intend to bring in an unemployment insurance scheme until next session was followed by the introduction of an Unemployed Workers Bill by Mr. P. Fraser (Labour). On the second reading on September 11 Mr. Forbes, the Minister for Lands, acting as leader of the House during the Prime

Minister's indisposition, argued that a Government measure required the co-operation of all concerned, and therefore could not be ready before next session. This time it was a Government supporter, Mr. J. S. Fletcher, who declared that if the Government blocked the way by saying that they could not tackle the job because it was too big, he would vote against the Government. The leader of the Labour party and two more Labour representatives warned the Government against delay, and eventually, on the motion of the Minister of Justice, Mr. Fraser's Bill was referred to the Labour Bills Committee, which reported that the Bill could not proceed in its present form, but recommended the Government to deal with unemployment insurance this session. The incident is a further illustration of the way in which Sir Joseph Ward is losing ground in the House.

II.

THE real business of the session began with the introduction of the budget on August 1. So far as policy is concerned, the budget followed the lines foreshadowed in the last number of THE ROUND TABLE.*

As to figures, Sir Joseph Ward announced a deficit of £577,252, due to his predecessor's over-estimating the revenue from taxation and to the unexpected increase of expenditure by £156,000, for additional interest arising out of the large conversion operations. The increase of exports over imports and of excess deposits in lieu of excess advances indicated that the credit position had recovered from the depression of 1926 and 1927 and a healthy revival in business was the actual corollary. But a large part of the available banking resources was not being used to finance trade and industry, and idle capital made idle men.

Sir Joseph submitted the following taxation account,

* See THE ROUND TABLE, No. 76, September 1929, p. 889 *et seq.*

showing where our revenue comes from and where it goes. He pointed out that the revenue as given in the accounts includes £5,763,442 received from interest-earning assets and sundry departmental receipts apart from taxation, and that in order to show where the taxpayers' money went, he had had this revenue, other than taxation, deducted from the relative items of expenditure as far as possible.

Revenue.	£	Percentage of Total
Customs	7,954,252	43
Beer duty	611,484	3
Stamp and death duties	3,575,720	19
Land tax	1,140,324	6
Income tax	3,310,877	18
Motor vehicles (petrol and tyre tax, etc.)	1,243,577	7
Non-taxation receipts (not apportionable)	7,180	—
Deficit for year	577,252	3
	£18,420,666	

Expenditure.	£	Percentage of Total
War pensions and war debt charges	5,023,755	27
Other debt charges	2,226,416	12
Social Services	6,292,930	34
Defence, Land, Sea and Air	1,043,622	6
Justice, law and order	544,976	3
Agriculture	464,533	2·5
Roads and highways	1,536,517	8·5
General and other administration charges	1,287,917	7
	£18,420,666	

He asserted that the existing charges on the taxpayer were largely of a rigid nature, and that enough could not be saved by strict economy to offset the automatic increases in such items as interest, pensions and education—much less to make good the deficit. Hence the only alternative was to reduce the services from the State, which the people

would not want to lose, or to obtain more revenue. Moreover, it was desirable that a certain amount of the money for public works should be provided from revenue and the surpluses from the exceptional revenue of good years should be utilised for this purpose. This brought Sir Joseph to what he called "the adjustment of taxation to obtain more revenue," the added burden being placed in such a way as to assist the Government land-settlement policy, while creating as little disturbance as possible in business and trade.

Considering that the large farming incomes had not borne their fair share of taxation in recent years, Sir Joseph, in order to adjust this inequity and assist in bringing about the cutting up of large estates, proposed "in the case of farming lands of an unimproved value in excess of £12,500, that the amount of land tax assessed on the present graduated scale shall be increased by a graduated super-tax," as in the following table:—

Unimproved value of land.	Present tax.	With proposed super-tax.	Increase.	Percentage increase.
£	£	£	£	
12,550	78	79	1	1
14,000	91	118	27	30
15,000	101	151	50	50
18,000	132	210	79	60
21,000	166	282	116	70
30,000	291	581	290	100

He also proposed that the mortgage exemption allowed in assessing land tax should be reduced to £5,000, disappearing £1 for every £1 of unimproved value in excess of £5,000. The present exemption is £10,000, disappearing £2 for every £1 of unimproved value in excess of £10,000, and owing to exemptions many farmers with an unimproved value up to £10,000 now pay neither land nor income tax.

Further, it is intended to make all farmers, including

farming partnerships, with holdings (whether owned or leased) of an unimproved value of £12,500 and over at any time during the year ended March 31, 1929, assessable to income tax on their farming income, but subject to a set-off of the actual amount paid in land tax on the land used for farming. In effect, this means the payment of land tax or income tax, whichever is the greater. In such cases, however, the 5 per cent. of the capital value of land, otherwise deductible from assessable income derived from such land, will not be allowed, as normally this is intended to cover land tax paid. This proposal is intended to ensure that the large farming incomes will contribute to the national revenue in the same ratio as the incomes from other occupations.

As these land and income tax proposals are not expected to produce enough additional revenue to ensure a balanced budget for this financial year, it is proposed to move a resolution increasing the primage duty on imports from 1 per cent. to 2 per cent. Sir Joseph estimated that the net revenue for 1929–1930 would be £25,172,000, and the expenditure would be £24,910,000, leaving a surplus of £262,000 to provide for supplementary estimates and contingencies.

On the whole, Sir Joseph has had a good press for his budget, which has been described as "what a financial statement should be in essence," "a real financial review," and as "showing a good deal of courage and some resource." The feature of the financial statement most criticised is the Government's railway policy, which the *Otago Daily Times* sums up thus :—

> The proposal to spend ten millions of money upon the construction, by an enormously costly method, of lines that will never under existing conditions secure traffic sufficient to meet the interest on the capital cost is so remarkable as to be explicable only on grounds of present political expediency.

The ex-Minister of Finance in the debate on the financial

statement made the following points: (1) That a substantial part of the deficit of £577,000 was obviously due to transactions which took place after he had left office, notably the £156,000 interest payable out of the loan conversion, representing a prepayment of interest; (2) that taxation was not now being imposed for the purpose of restoring the balance as it existed last year, but for the purpose of meeting new obligations; (3) that, having regard to the expansion of trade and imports since the beginning of this financial year, it was questionable whether the proposed increases in taxation or any part of them were necessary; (4) that if the object aimed at was to secure surplus revenue for public works, that ought to be stated explicitly to enable the House and the country to pass an opinion on it. He maintained that his successor was budgeting for a large surplus and feared that the annual expenditure of loan money would be far in excess of anything which almost up to the elections Sir Joseph Ward had declared to be safe and reasonable.

Immediately on the publication of the budget a clamour arose throughout the country against the land tax proposals, which were denounced as a capital levy, as confiscation, establishing a precedent for confiscation of capital in other directions, as "the most iniquitous proposals in regard to class legislation ever brought before the House." To those who remember a similar outburst on the passing of the first Land for Settlement Act some thirty-four years ago, such extravagant language carries no conviction. But the large and representative meetings of Farmers' Unions, Chambers of Commerce, stock and station firms, agricultural and pastoral associations, held all over the country, the apprehension expressed as to the effect of the Government's proposals and the protests recorded thereat must have convinced the Prime Minister—in spite of his objection "to organised meetings being held and wholesale resolutions sent up as if the whole of New Zealand were convulsed"—that there was more in the

attitude of the farmers than a mere selfish desire to save their own skins, and that while the main lines of the Government's policy should be adhered to, reasonable and practical objections on details must receive sympathetic consideration. Some of the many objections voiced at meetings of protest or by members in the House may be thus summarised :—

1. That the super-tax hits large pastoral holdings, such as sheep-runs, which must necessarily be farmed in large areas, and other lands unsuitable for subdivision, several of which had been offered to the Government but declined, not on the ground of price, but on that of unsuitability for subdivision. That, therefore, before penal taxation was imposed, the lands should first be classified and only those which were pronounced suitable for subdivision should be subjected to such taxation.
2. That the proposals pressed hardly on lands worked as family partnerships, possibly under inheritance, and also on farmers holding and improving a substantial area with the object of subdividing later and placing their sons on the land.
3. That the farmers already carry heavy burdens in the shape of local rates.
4. That in a large number of cases the farmer will have to pay a super-tax higher than his income.
5. That to pay income tax in a good year and land tax in a bad is unfair and discourages thrift.
6. That the proposals would adversely affect farming lands as investments, depreciation in values would follow and a general feeling of insecurity, and that there would be a widespread reviewing of securities and calling in of moneys ; where the equity of a heavily mortgaged farmer was small he might by the penal taxation be forced off his land, the super-tax in such a case being equivalent to a capital levy.

The objections were crystallised in resolutions passed at a meeting representative of every section of the farming community held at Wellington on August 22.

On August 23 a deputation from the conference of farmers was introduced by Mr. W. J. Polson, M.P., Dominion President of the Farmers' Union, to the Prime Minister, who lent it a sympathetic ear, assuring the deputation that he wanted to treat legitimate farmers

fairly, and that his legislation was directed only at those with large holdings who were not contributing their share of the taxation of the country. If it were possible to have right through the country settlers upon land of £15,000 to £20,000 in value, there need not be any disturbance by legislation. The matter was surrounded with difficulties and he would be glad to give effect to the resolutions of the farmers if he could do so. He would give them his careful consideration to see whether, while attaining the chief end he was aiming at, he could eliminate from the operations that section of the community which they represented.

In the meantime the debate on the budget had proceeded. The increase in primage was opposed by the Labour members, who considered that it would be passed on to the consumer and increase the cost of living. On August 21 the leader of the Opposition, after criticising the taxation proposals, moved the following motion as a protest against the proposals of the Government in regard to taxation :—

In the opinion of this House the taxation proposals are not acceptable without further revision and amendment on the grounds that :—

1. The increased primage duty will increase the cost of living, and, if further customs revenue is absolutely required, the duty should be imposed on certain selected luxuries of foreign origin.

2. That the proposed increase in land tax amounts in some cases to a confiscatory single tax absorbing the whole annual income of the property without regard to whether such property is capable of subdivision or not. Moreover, the reduction in the mortgage exemption will impose grave hardship on many farmers.

3. That if any change is to be made in the taxation on that class of farmers contemplated by the budget it should be based on the principle of capacity to pay—viz., income tax with adequate provisions for preventing aggregation.

4. Experience has shown that a proper classification of lands suitable for subdivision is essential before penal taxation is imposed.

5. That the proposals as to highway revenue are a breach of faith with the motorists of New Zealand, who agreed to the imposition of special taxation on the condition that no part of this taxation was to be available for the general purposes of the Consolidated Fund.

The Prime Minister accepted this as a vote of want of confidence, and in vindication of his land tax proposals read a memorandum from the Commissioner of Taxes to the effect that of 80,000 farmers only about 25,000 pay either land or income tax. The reduction in the mortgage exemption affects only about 2,200 farmers, and most of them to a comparatively slight extent. It will increase the number of farmers paying land tax by about 550, and will not affect any farmer whose land is of an unimproved value of less than £5,000. About 1,750 farmers own land of an unimproved value in excess of £12,550, and will be subject to the higher tax, which is expected to produce about £325,000. The leader of the Labour party again intimated that it opposed the primage duties, but stated that the party was against placing the Reform party on the Treasury benches again. On the division being taken, the amendment was defeated by 48 votes to 24.

When the Land and Income Tax Amendment Bill and the Annual Taxing Bill were introduced on September 17, it was found that Sir Joseph Ward had made the following modifications in his original proposals in order to meet the objections of the farmers. The unimproved value from which the super land tax is to commence will be £14,000 instead of £12,500. The amount of the mortgage exemption will be £7,500 instead of £5,000. To meet cases of hardship arising out of the imposition of the special tax, a commission may be appointed, and on its recommendations the Commissioner of Taxes may refund the whole or part of the special tax or release the taxpayer wholly from his liability for payment. The special land tax is to be paid by all persons who were, at noon on March 31, 1928, the owners of farm lands of a total unimproved value of more than £14,000. The method of assessment is also altered.

New Zealand: The Parliamentary Session

III.

SAMOA has again been a bone of contention in Parliament. After a consultation with the Administrator of Samoa, the Prime Minister on May 6 announced the Government's policy. They had, he said, already made it plain that they were anxious to adopt a generous and conciliatory attitude with a view to a conference in Apia and a final settlement of all matters in dispute, but that they could not negotiate with any movement openly flouting the law. They would maintain that attitude, and all that the Mau required to do to obtain a sympathetic consideration of their representations was to cease their defiance of the law. But as the Mau had shown no indication of a desire to adopt this sensible course the Government had decided upon the following policy: (1) To dispense with the native personal taxes of £2 per head per annum for chiefs and 36s. per annum for other male adult Samoans; (2) to make a small charge (having due regard to the cost of the service and to the capacity of the patient to pay) for one of the activities of the Administration which the personal tax was designed in some degree to cover, namely, medical and surgical treatment; (3) to increase the present export tax upon copra from £1 a ton to 30s. a ton. At the same time the Government and the Administration would enforce the law whenever necessary, and native personal taxes at present due and unpaid would remain as debts to the Administration and be collected as opportunity offered. The Government would not deviate from that policy until the Mau ceased their defiance of the law.

On September 6 the question of "Samoa for the Samoans" came up in the House of Representatives on a formal motion that three reports relating to the mandated territory be referred to the Government for favourable consideration. The Prime Minister adhered firmly to

his declaration of May 6, but announced that the constitution of the Samoan Legislative Council would be altered by reducing the number of European elected members from three to two and adding two Samoan members nominated for the present by the Governor-General of New Zealand, but later, it was hoped, to be selected by the natives themselves. For at least twelve months, Sir Joseph said, no banishment orders had been made and no Samoan had suffered any punishment except by the decision of a court of law after fair trial. The Government, with the ultimate aim of making Samoa self-supporting, was reducing the expenditure. The leader of the Opposition supported the Prime Minister and suggested that it might be advisable to go to the Colonial Office to secure an officer trained in the administration of native peoples, and also two or three young men acquainted with the historical development of those methods which had made for the success of British administration.

The Labour members who spoke condemned—as usual—the New Zealand administration root and branch. The leader of the Labour party insisted that the deportation orders must be repealed. A suggestion by Mr. E. J. Howard (Labour) on moving an amendment recommending that " New Zealand's policy in Western Samoa be recast so as to bring our administration of the mandate into line with our declared principle of Samoa for the Samoans," that the Minister of Native Affairs, Sir Apirana Ngata, should visit Samoa for the purpose of report and conciliation, drew from the latter an impressive and philosophical speech which at once lifted the debate to a loftier plane. Sir Apirana considered it unwise for a Maori to go to Samoa. The Samoans were a proud race and only distantly related to the Maoris. The problem was that of the government by a British people of a Polynesian race. The educational experts, who in 1927 decided that in the lower classes in Samoan schools no English should be taught and that it should be only an optional subject in some of the higher

forms, did not realise that it was impossible in the future to avoid contact between the Samoans and the other nations of the world, and that the best instrument to enable the Maori and the Samoan to stand up in the midst of the inevitable welter and clash of cultures was plenty of English and of the best, at the most impressionable stage of life. If it were possible, the ideal would be to remove the bulk of the officials now governing Samoa, but we had involved Samoa in difficulties which precluded the possibility of ever letting them "run their own show." What Samoa wanted was fair, reasonable, sympathetic, understanding British administration in the early stages. What should have been done was to have made a complete ethnological survey of the Samoans and their conditions, to find out what those customs were, and the best way to apply the knowledge of them. Instead we sent down a very worthy general, who was anything but an ethnologist, whose recommendations were worth carrying out at the proper time and in the proper order, but who tried to hustle the Samoans into doing too much in too short a time. It would have been better if we had applied the *Taihoa* (*festina lente*) policy of the late Sir James Carroll. The trouble was that the Government asked the Samoans to get "on side" by admitting that they had broken the law, while the latter considered that the law was too hasty and unreasonable and beyond their capacity to observe. Would it not be better for New Zealand to consider whether it should not make a concession in regard to the legal position? If a formula could be devised by some diplomatist that would save the face of the Government of New Zealand, and also that of the very high born, very obstinate chiefs in Samoa, it might end the trouble.

As illustrating the paradoxical position as between Samoan and Maori, Sir Apirana said that while Maoris roamed at large in spite of unpaid rates and debts to hospital boards for treatment, the scion of a royal family of Samoa was imprisoned in a gaol outside his own country for not

paying a small amount of tax. He believed that a round-table conference with the Samoans, and certain others, would remove the difficulty and re-establish happy relations with them, and he appealed to Mr. Howard to withdraw his amendment. Appreciating the high tone of the Native Minister's speech the Labour members did not press for a division, and the amendment was lost on the voices.

The course of events emphasises the urgent necessity for specially trained officials to deal with Native races.

New Zealand.
September 1929.

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